Daily Report

Latin America

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Cuba

Perez Novoa Rejects UN Special Rapporteur Report

FL0203163794 Havana Radio Progreso Network in Spanish 1200 GMT 2 Mar 94

[Text] Cuba has rejected the report by a special rapporteur on the human rights situation in Cuba, because it responds to U.S. pressures rather than to reality. During a news conference, Jose Perez Novoa, Cuban ambassador to the Commission on Human Rights, describes as unacceptable the discussion of a draft anti-Cuban resolution draft sponsored by the U.S. delegation, which will be voted on next week. Perez Novoa deplored the U.S. Administration's policy of hostility based on the fact that it cannot bring itself to accept Cuba's level of development of social, economic, and political programs despite that hostility.

Cuba has stated and reiterated over the years that it is ready to discuss its differences with the United States under conditions of sovereign equality and without preconditions. Perez Novoa added that the United States avoids and rejects normal relations and a discussion of differences.

Ambassador Meets With Venezuelan State Official

FL0203160294 Havana Radio Progreso Network in Spanish 1200 GMT 2 Mar 94

[Text] Cuba and the Venezuelan state of Bolivar are exploring possibilities for cooperation in tourism, health, construction, and culture. To this end, Bolivar Governor Andres Velasquez and Cuban Ambassador Norberto Hernandez held a work meeting during which they also discussed expanding the current cooperation between Havana University and institutions in Bolivar.

Envoy to Brazil Concludes Tour of Duty

FL0203170794 Havana Radio Progreso Network in Spanish 1200 GMT 2 Mar 94

[Text] Brazilian President Itamar Franco has bestowed upon Cuban Ambassador Jorge Bolanos Brazil's highest distinction, the Great Cross of the Cruzeiro do Sul Order. In a ceremony at the Foreign Ministry in Brasilia, Foreign Minister Celso Amorim presented the medal to the Cuban diplomat, who has just concluded his tour of duty in Brazil. In his address Bolanos stated that he is returning to Havana with the satisfaction of seeing relations between the two nations on a broad and irreversible path of development; and he praised Brazil's foreign policy, which he described as dynamic and rooted in the best traditions of justice, peace, and respect for the sovereignty and self-determination of peoples.

Minister Views Complex Economic Situation

FL0203230494 Havana Radio Reloj Network in Spanish 2030 GMT 2 Mar 94

[Text] Jose Luis Rodriguez Garcia, minister president of the State Committee for Finance, has explained the country's complex economic situation and the efforts being made to bail the country out of the current crisis.

Speaking during a national training seminar for higher education teachers, Rodriguez Garcia said the country at this moment has more than 145,000 self-employed workers, and that this figure is increasing. He added that the measures adopted in the wake of dissolution of the socialist countries and the U.S. imperialist blockade have had an economic, political, and social cost.

During the seminar, postgraduate education was discussed, during which it was agreed that experts must be integrated to enhance their professional level and the prestige of the university center.

Energy Commission President Stresses Fuel Efficiency

FL0303010094 Havana Radio Progreso Network in Spanish 1200 GMT 2 Mar 94

[Text] The need to attain higher energy efficiency levels was stressed in Sancti Spiritus by Joel Domenech, president of the National Energy Commission, during a meeting to assess the development of national energy sources. During 1993, Sancti Spiritus Province displayed an improvement in energy use: a reduction of over 8 kg per peso of fuel produced.

National Airline Purchases 8 New Planes

FL0303025994 Havana Cuba Vision Network in Spanish 2320 GMT 2 Mar 94

[Text] Through Aviaco, the Spanish national airlines, Cuba has purchased eight planes, two of which are already in the country and soon to be put into service.

These are turbo-propelled, twin-engine planes with a functional capacity of between 44 and 48 passengers. The objective is to include them in the national and Caribbean routes.

The Cuban airline is responsible for tourism support and for Cuban national and international aviation, which are currently using Russian-made airplanes; that is, manufactured by the former Soviet Union. These planes are very safe, but they have been rendering service to the Cuban airlines for several years and we have been trying to find an alternative solution to these old Soviet-made planes so that national and international air transport will not be impaired by a gradual reduction of their service.

The Cuban airline intends to gradually replace these Russian airplanes by others which are more economic

and more comfortable for passengers. These are Netherlands-made planes and their brand name is Fokker F-27-600. They are easily convertible from passenger to cargo planes.

Aviaco and Iberia cover all Spanish national routes.

Haiti

Aristide Calls U.S. Resolution 'Bad Project'

FL0303003594 Port-au-Prince Radio Metropole in French 1700 GMT 2 Mar 94

[Excerpt] [Passage omitted] President Aristide intervened this morning before the UN Human Rights Commission in Geneva. During a news conference following the meeting, he opposed the pilot study for a resolution that is currently under discussion in the Security Council.

As I see it, he said, it is a bad project, adding that he discussed the project on 1 March in Paris with the head of French diplomacy Alain Juppe and with President Francois Mitterrand. I came out totally satisfied with those talks, said President Aristide.

In its current form, according to informed sources, the pilot study to the Security Council for a resolution does not provide a date for the return to Port-au-Prince of President Aristide and will make the imposition of new sanctions depend on an active search for a settlement by President Aristide.

On Saturday [5 March], Aristide is due to go to New York, where he will hold talks with UN Secretary General Butrus Butrus-Ghali. He indicated that he is expecting from the secretary general specifications on the points the secretary intends to discuss in the interview. Aristide added that he would promote discussions of Haiti in the Security Council.

President Aristide continues to insist that General Cedras' resignation precede the nomination of a prime minister in Port-au-Prince. He did his best to minimize his divergences with the United States, which are the source of the resolution now being studied. During his news conference this morning, Father Aristide stated that the United States and France were playing a positive role in enforcing the return of democracy in Haiti. He also stated that he was totally satisfied with the talk that he held a few days ago with U.S. ambassador to the Vatican Raymond Flynn, but he recognizes that Washington sometimes speaks with forked tongue.

Washington Plan Causing Conflict Within BP-FNCD

FL0203211794 Port-au-Prince Radio Metropole in French 1145 GMT 2 Mar 94

[Excerpts] Within the Haitian parliament, the Washington plan for a settlement of the crisis is a cause of discord among legislators close to the president-in-exile. The presentation of the plan has divided the deputies of the National Front For Change and Democracy Parliamentary Bloc, BP-FNCD, which may split. It is known that the plan is to be discussed very soon during a regular session of the Chamber of Deputies. Edner Jean has filed a report:

[Begin recording] [Jean] For Pierre-Canel Rinda[l], one of the people who signed the parliamentary plan, the sequence of steps of this plan follow a certain political logic. In answer to criticism from certain colleagues, Rindal, a deputy from Carrefour, thinks an easy—lazy—solution, which consists of denouncing the paralysis of the Governors Island agreement. [sentence as heard]

As a statesman and political figure, Rindal says he went to Washington seeking a well-balanced political equation to unblock the agreement.

As regards differences on the strategy for the exiled president's return that are shaking this political bloc, which is close to Aristide, Rindal, who is an influential member of the BP-FNCD, thinks that Aristide's return must be crafted by certain men in situ.

[Rindal, in Creole] I think President Aristide has a personal vision of his return. We, as in situ legislators facing a number of realities, have our own way of effecting the return of President Aristide. We also think that today, as political figures, we have come up with a number of formulas with a view to moving beyond the Governors Island agreement, which is paralyzed. Our plan does not aim to replace the Governors Island agreement; rather, it aims to unfreeze the agreement first, so that the different points of the agreement can make their way.

[Jean] What is the next step?

[Rindal] The next step is the vote by the parliament, so that the Governors Island agreement is released and everyone is accountable for his signature on it.

[Jean] Deputy Fignole Jean-Louis is not willing to ratify this plan. Moreover, the parliament does not have the authority to ratify such a plan if it is not presented in the form of a resolution. Fignole Jean-Louis, who is from Mirebalais and who is returning from an extended stay abroad for security reasons, is ready to go over to the opposition and fight this plan, a plan made entirely in America for the purpose of creating a favorable atmosphere for applying Article 148 of the Constitution. Jean-Louis accuses those signing this plan of tagging along benind certain prime ministers.

[Jean-Louis] We do not yet know exactly what game is being played right now. The problem is not that they [not further unidentified] want the president to appoint a prime minister. I would not have any problem with that. The problem is that there are a number of proposals that would push President Aristide, as regards appointing a prime minister. If, however, President Aristide could

appoint a prime minister within the scope of the Constitution, I do not have a problem with that. The prime minister they want for President Aristide, however, is a prime minister they want to impose on him. Even if they have not yet made the name public, it is a prime minister who tags along behind certain international powers; that prime minister is already primed and will be forced to bring about what the people who primed him want.

[Jean] The other [word indistinct] of BP-FNCD prefers to play the role of a firefighter, attempting to contain the various opinions that risk exacerbating relations among the deputies of the BP-FNCD. Deputy Serge Jean-Louis rejects any idea of a split in the BP-FNCD because of the sharp disagreements.

Serge Jean-Louis, who is from Marchand, condemns the attitude of most of his colleagues, who are criticizing—without reservation—the FNCD legislators who participated in the Washington talks. [passage omitted]

One could say that the coming days may perhaps reveal a number of conflicts of political interest that have always divided the parliamentary coalition that backs Aristide's return. The Washington plan, a real seed of discord, risks drawing a dividing line between the FNCD and Lavalas deputies. [end recording]

Aristide Seeks Help in Ousting Military Chiefs

FL0203192894 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Mar 94

[Text] While addressing the UN human rights commission, Haitian President-in-exile Jean-Bertrand Aristide called on the international community to abandon its neutrality and obtain the immediate departure of the chiefs of the Haitian Army and Police. Stalling maneuvers and deceptive promises can only ruin the credibility of those involved in this crisis, stated the president-in-exile, who asserted that the international community cannot be neutral and that it is necessary for the Army and Police hierarchy to step down without delay—immediately and at once, he said.

Father Aristide did not refer directly to the latest discussions held in the UN Security Council to try to impose implementation of the Governors Island agreement through sanctions against the military regime in Haiti. According to Jean-Bernard Merimee of France, current Security Council president, a draft resolution in this connection should be sent to the Council by the end of the week.

Observers think President Aristide's statements before the commission constitute indirect and harsh criticism of the new plan supported by Washington, a plan which does not propose a date for the return of the president-in-exile to his country. During a speech before the commission, Father Aristide pointed out the bloodthirsty, ferocious, barbarous nature of the current dictatorship in Haiti, enumerating a long list of violations committed by General Raoul Cedras' regime.

Aristide said: Today, the genocide continues in the presence of the international community. What about the primacy of the law?—he asked commission member-countries, while affirming that everyone should shoulder his responsibilities.

Senate Works on Formation of Ad Hoc Government

FL0303002194 Port-au-Prince Radio Metropole in French 1700 GMT 2 Mar 94

[Text] Another approach has been observed in the Senate of the Republic to the question of the formation of an ad hoc government. The subject was raised on 1 March in camera. The contested 18 January elected senators and those of the Alliance for Parliamentary Cohesion are allegedly determined to fill the vacuum at the executive level, according to Senator Amos Andre.

[Begin recording] [Andre in Creole] We senators of the Republic, as a power and a state institution—coguardians of the national sovereignty—are working relentlessly to offer the country a government, a government issued from the country's Constitution and laws.

[Reporter Jean] The country's Constitution and laws—Articles 148 and 149, while the president of this office speaks of Article 111?

[Andre] I do not want to go into Articles 148, 149, and 111. We are simply working on a solution based on the Constitution.

[Jean] Will this solution take into account President Aristide's position, which you have restored, as well as the position of the international community, which Sen. Sansaricq has recent visited?

[Andre] When we make a decision within the scope of the Constitution as the Senate of the Republic, it is not because it would please this person or that person, it is simply that it is a legal decision. Another aspect of the question—since we are in a context of crisis, where political interests are at stake—is that some political compromises must be made on both sides in order to find a solution to the crisis. [end recording]

Confederation of 130 Grassroots Organizations Meets

FL0203214194 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Mar 94

[Excerpt] Nearly 130 people's organizations, which met at Le Palace Hotel on 27 February, created the Confederation of Haitian People's Organizations for Development [COPHADEV]. According to its general coordinator, Jean-Saurel Beaujour, the organization's purpose is to work toward alleviating the economic and political stagnation in which Haiti is plunged. [passage omitted]

Antidrug Official Denies Military Drug Trafficking

FL0203234494 Port-au-Prince Radio Metropole in French 1700 GMT 2 Mar 94

[Excerpts] Seventy-one kg of cocaine targeted for the U.S. market was seized during February by the Haitian antidrug service, including 31 kg on 28 February at the Port-au-Prince harbor. The drug seized on 28 February was concealed in boxes inside a container from Curacao. Businessman Jean St. Fort Pierre was arrested. Jean-Max Blanc filed a report:

[Begin Blanc recording in Creole] On 28 February in the Port-au-Prince harbor, the capital's antidrug brigade seized 31 kg of cocaine, shipped from Curacao. Within two weeks, 43 kg of cocaine was seized by the antidrug brigade following the seizure of the 12 kg that a voodoo priestess was last week carrying to the United States. Since the beginning of the year, brigade authorities report they have seized 71 kg of cocaine and arrested 17 people involved in drug trafficking.

Major Casimir Louis states that the greatest problem the service now faces is the problem of justice. [passage omitted].

About two weeks ago, the office broke up a drug network outside Port-au-Prince. At that time, the authorities seized two kg of cocaine, which is still in their office, and $100,000 U.S. In a statement by Maj. Louis Casimir on 1 March, the officer denied the accusation regarding the involvement of Haitian military in drug trafficking. He recognizes, however, that just as in all other institutions, the military could be involved in drugs, a military Casimir Louis calls dissident. [passage omitted]

According to authorities, 1 kg of cocaine costs between $20 and $25 [as heard] on the U.S. market. The amount of the drug that the authorities seized on 1 March is evaluated at $2,800,000. [end recording]

Bishop Announces Initial Accord Reached With EZLN

PA0203183894 Madrid EFE in Spanish 1740 GMT 2 Mar 94

[Text] San Cristobal de las Casa (Mexico), 2 Mar (EFE)—Bishop Samuel Ruiz has announced the Zapatist National Liberation Army (EZLN) and Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas, have reached an initial agreement for ending the armed conflict in this southeastern Mexico state.

For his part, Camacho Solis has said there is a possibility the Mexican Congress will be summoned for special sessions to discuss the reforms that will guarantee impartial presidential elections in August, which is one of the EZLN demands.

Salinas Cited on Optimism Over Chiapas Dialogue

PA0303042794 Mexico City Radio ACIR Network in Spanish 0000 GMT 3 Mar 94

[Report by Elisa Betias Otero; from the "ACIR Radio News" newscast]

[Excerpt] I would like to report that President Carlos Salinas de Gortari indicated this afternoon that his administration is unflinchingly taking on the commitments agreed during the process for peace and justice taking place in Chiapas. He also announced that the necessary decisions to guarantee the execution of these commitments will be made in the next few days.

The president expressed his optimism with the conclusion of the peace and reconciliation talks in Chiapas and he indicated that the dialogue has already provided evidence of positive results. In this respect, he called for the support of society in order to reach to the signing of a peace agreement.

The president's statements were made public through a communique issued by the Presidency of the Republic. The communique stresses that the list of demands presented to the government through Peace Commissioner Manuel Camacho was acknowledged with the true disposition of listening and solving the Indians' demands for justice, welfare, and dignity.

With regard to the letter the communique points out that the government has decided to seriously honor its commitments and that the necessary decisions to ensure the execution of said commitments will be made in the next few days. We expect society's support on the points agreed upon and that by backing these points we will all be looking out to ensure that all details are honored which will allow us to reach to the signing of a final peace agreement. [passage omitted]

Marcos Warns 'Ghosts' Threaten Peace Process

PA0203172294 Mexico City UNOMASUNO in Spanish 1 Mar 94 pp 1, 9

[Report by Victor Torres, Humberto Rios, and Juan de Dios Garcia]

[Text] San Cristobal de las Casas, Chiapas, 28 Feb—Subcommander Marcos has warned there are "ghosts," such as the influence of cattle breeders, the white guards [not further identified], and the holding back of the electoral reforms, that threaten the peace process. While he has said the issues on national matters are still unbroached at the negotiating table, he has said the greatest problem concerns democracy. Furthermore, he did not rule out the talks could be extended to Thursday or Friday.

During a meeting in Catedral, he has said "we do not go so far as" to request the resignation of the president of the republic and his cabinet, but he did insist on the need "for electoral power to be turned over" to the people for assessment and supervision.

During a meeting with local reporters that lasted more than one and a half hours, the Zapatist subcommander has said there is nothing definite for the peace declaration, as there is still a long way to go. He has said there are no definite agreements, because upon whatever is agreed, the communities and the Zapatist National Liberation Army [EZLN] must reach a consensus, and they must be consulted at government levels by Manuel Camacho Solis, government peace commissioner.

The EZLN, he has said, has no guarantees, because, in addition to the fact that organization is not recognized, Camacho Solis "is unreal," given he has no legal status. "Our middleman does not exist," Marcos said upon insisting Camacho has no power of decision. The subcommander has anticipated an agreement is a long way off.

Marcos has said the Indian communities' autonomy is the issue that made the most progress at the negotiating table. There was even talk about holding a special period of congressional sessions to deal with the reform of the fourth constitutional article. Nevertheless, prior to this the reforms must obtain a consensus from the Indian communities. The idea is for the communities' form of government to be recognized legally, he has said.

He has said in Catedral the Zapatistas hardly have any contact with the peace commissioner, because communications are conducted via Bishop Samuel Ruiz. Marcos has said "we are quite fed up," because the proceedings are being translated into several dialects in order for the delegates to take them back to the communities.

The agreements, he has insisted, are only on paper. Nevertheless, he has recognized one can see a political willingness to find a solution to the problem.

Subcommander Marcos, who answered more than 20 questions one per medium, has said the movement is starting to be recognized as authentically Indian, a point that "justifies life or death." He has said there must be changes.

Marcos has reiterated no consensus has been reached in the talks, because the power of decision on one side or the other is not definite. He has added this stage of the talks is threatened not by intolerance, rather, by the "ghosts" that loom over the process such as, for example, the incidents in Altamira and the events prior to possible electoral reforms. But even more serious are the regional ghosts that loom over pacification as a third force: the power of the cattle breeders and the white guards. To achieve peace this must be considered, because if the civil power cannot control that third force, there will be no peace.

The subcommander asked: "How can they [not further identified] ask the EZLN to disarm if one cannot disarm a white guard who wants to annihilate the Zapatists or other sectors they see as enemies. These include those who carry a camera, a pen, a notebook, and a badge that reads press, ONG [Nongovernment Organizations], National Commission on Human Rights, or whatever. If they consider them to be enemies they are going to....them. It is the most anachronistic mentality that abounds in these areas. Altamiro is just an example; the same goes for Ocosingo, Las Margaritas, Comitan, San Cristobal, and all the other places. Where landownership is concentrated the same will occur. What was previously known as the citizens defense committees or the unity of citizens defense are now the ghosts that will loom over the peace process and its fulfillment," he has said. Even though a peace agreement is reached, the ghosts will be there to hamper it, he has said.

Meanwhile, the Zapatist subcommander has dissociated the EZLN from the church, because he said the movement's purity and independence must be made clear.

Regarding the provision to engage in a dialogue with Camacho Solis without cover-ups, he has said the EZLN members will remove their ski caps and uncover their faces when they are recognized. They will continue to keep their faces covered, however, to protest the lack of recognition, he has said.

The peace agreements will be a fraud, will only be cosmetic if changes are not made nationwide. If there is resistance to change there will be warring operations throughout the nation. Then there will not be enough cathedrals to engage in negotiations nor enough jails to hold the Indians.

In conclusion, when he reiterated the points on national matters are still at a stalemate, Subcommander Marcos said the peace commissioner has set deadlines for a reply to the EZLN's list of demands that go up to 180 days for land matters. Marcos promised to deliver to the press the list of petitions and how Camacho Solis has responded.

PRI's Colosio Speech to Youth Parliament

PA0203231894 Mexico City UNOMASUNO in Spanish 28 Feb 94 pp 1, 4

["Full text" of speech by Luis Donaldo Colosio, presidential candidate for the Institutional Revolutionary Party, at a meeting with the Youths Parliament, Mexico XXI; place and date not given]

[Text] Friends, dear parliamentarian youths: First, I wish to say I am very pleased to be with you today. It is very encouraging to meet with representatives of eight organizations which make up our party's Youths Parliament. It is very encouraging because it is irrefutable proof of how you have undertaken a new task; of how a new way to exchange opinions, arguments, and reasons has been established; and above all, it shows you are truly offering youths greater opportunities to participate in politics within our party. You represent imagination, the search for change, the energy and the ability to establish a more open relationship, a more dynamic and authentic relationship with Mexican society. Above all, however, I am very pleased to meet with you at a time when Mexican society is immersed in the most important political process.

We live in times of competitive democracy in which each political force, including ours, must present to society its programs, the actions it will carry out, its end-of-the-century vision of Mexico, its proposals, and above all, show each's political force capabilities to promote the transformation and change that Mexican society demands.

PRI [Institutional Revolutionary Party] youths, our option, our party's option, the option you represent—let there be no doubt about this—is to promote a profound transformation of our Mexico. In this regard, we must place our party at the front of this process by ensuring it fully assumes a rigorous agenda that will lead us to present new political practices to society and to overcome old vices.

We are a party that has the ability of making good use of the efforts we Mexicans have carried out so far. Looking beyond the accomplishments and mistakes, we cannot ignore the efforts Mexican have made in recent years. We cannot, we must not, remain trapped within the boundaries of proposals made six years ago, when the country was facing other kinds of problems.

We are and we must see ourselves as the party most capable of making good use of what has been accomplished, as the party with the strength to promote the changes and transformations that society is demanding. We have our mind set on making changes, but we do not plan to start from zero or to build everything anew. Countries are not born every six years. We do not want, we are not planning on remaining where we are now either. We will not succumb to inertia. With our plans for changes we offer new roads while making good use of what we have already accomplished.

In my trips throughout the country during these past campaign months, I have been able to establish that Mexico wants a significant change, but in a safe and responsible way. This is why security, responsibility, and changes are the three big components of our plan. We must act in a responsible way because our accomplishments, regardless of how modest they may be, have been made at the expense of big sacrifices; and we must make changes because without changes, progress cannot be made.

We represent security because we have experience, expertise, and we will make extensive decisions within the law and a de jure state. We are not promising magic. Our ideas are based on an objective and a real analysis of the progress that has been made and of what is necessary to change.

As the century draws to its end, Mexican society also demands responsible work. The next administration, the one that will head the efforts of the Mexican people at the conclusion of this century and this millennium, will have to be responsible and find ways to increase efficiency and fight incompetence and waste. It must be able to react in a timely fashion in the face of injustice; and it must be able to overcome bureaucratic paralysis, arrogance, and the temptation to look at everything from behind a desk.

A new phase of progress must begin with a new culture of responsibilities adopted by all but, most of all, the government. A government responsibility or a new culture of responsibility, like the one I am proposing, is something the next government definitely has to adopt to wipe out corruption where it is found, either in influence peddling or the paternalist [patrimonialista] view of power.

Security, responsibility and change, because I said one cannot talk of progress without them; while those who say everything is bad are lying, but those who defend the status quo are also mistaken. Mexico needs change with security and responsibility. Mexico demands a profound change at the grassroots level; a change that preserves what is valuable and at the same time allows us to make the progress society is demanding from us. And I intent to head those changes. We must respond to the change of mentalities with new actions —you yourselves have said so through this tribune. Mexico has changed; it is different. It is an eminently young society; it is demanding. And it is to transformation to which we must respond, with new actions capable of overcoming gaps, extreme poverty, the existing imbalance among our regions, among Mexico's different regions, and the inability that often exists to guarantee compliance with the law.

We are, friends, young lawmakers, facing the need for a simultaneous change in politics and society. One cannot view with fear the change Mexico is demanding, nor can this change be accomplished through haggling, simulation, or fabrication. We will bring about a change in Mexico by implementing a firm policy with strict adherence to the law, with security and responsibility, so that our national unity is reinforced and our stability is guaranteed. That is the vision we have of the Mexico that is to come.

We have to go from good national economy indicators to a better income for each family, a better savings proficiency, a better quality of life, and most of all, a better future for our children. This is a change, that in politics, will do credit to the great strength of our plurality, and which will only be possible if we all become committed, in good faith, to consolidating our nation as a genuinely democratic nation.

With the end of old times, of little competition among parties, we also must relinquish the times of anticulture politics, of authoritarian domination.

These changes, within a social transformation, should cause us to forget the excuses that distance us from new opportunities in the poorest communities in the country, especially the Indian communities. We must forget the excuses, which, for centuries, compelled our Indian communities to maintain practically the same levels of welfare and immersed them in the same conditions of poverty and deprivation. We must fulfill our constitutional pledges to provide education, health, and housing for all Mexicans and to overcome inequality, deprivation, backwardness, and destitution. This is how we will reach a new degree of confidence; this is how we will achieve new changes with responsibility; this is how the PRI must rise to the challenge and prove it wants to win the people's trust on its own, and play an essential role in the future.

In this campaign I intend—and I invite you to accompany me in this endeavor—to draw on the support of citizens and Mexican society to make the changes that will allow us to build an economy that grants opportunities without losing the stability we have achieved. A political life that accepts elections as an instrument to solving competition between parties and increases opportunities for democratic participation. A social policy that efficiently fights poverty and great inequalities with efficiency.

Let there be no doubt, my young parliamentary friends, we, you and I currently represent the greatest opportunity to achieve changes in our country. And we fully intend to assume the responsibility we have, abiding by the rules, with security, responsibility, and unity in harmony.

I want to remind you young PRI members that events in Chiapas have shown us the urgent need for a political-democratic change. The urgent need for the economy to allow new and better opportunities for everyone, every citizen in every corner of our homeland. Events in Chiapas have shown us the urgent need to overcome generalizations so Mexicans can enjoy specific opportunities in each community where the Mexican citizen lives his daily life—in the family, the community—

aware that he belongs to a great nation which requires unity and strength for the future.

We recognize the urgency of the events in Chiapas as an appeal to start a new phase. The PRI candidate and members are ready. That is my appeal to all of you, friends, young parliamentary members. The events in Chiapas serve as a warning. They emphasize that destitution, deprivations, accumulated insults, and frustrations can no longer be silenced with dilatory answers and new appeals for patience. We must not forget different problems prevail in our communities, our regions because our national geography is different, but it is all part of a single reality—the reality which prevails in our country in 1994 as we approach the end of the century. This reality is characterized by insufficient family incomes; unemployment; but also that each and every one of us are willing to change.

In summary, my proposal is to find new options and new roads to freedom, justice, and democracy for all Mexicans thereby precluding violence, death among brothers, and confrontations. The PRI members in Mexico want, at this hour, to prove there is no valid reason to shed blood; that we must overcome our problems no matter how big they are; and that peace is the only thing which guarantees our welfare.

We must make sure no Mexicans needs to turn to weapons to be heard. We have the option of resolving any difference and that option is democracy; that option is the legal state, and that is the option we must choose. Thank you.

Costa Rica

Minister Terms UN Report on Drug Policy 'Not Serious'

PA0203214294 Panama City ACAN in Spanish 1540 GMT 1 Mar 94

[Text] San Jose, 28 Feb (ACAN-EFE)—Luis Fishman, Costa Rican security minister, termed as "not serious and not precise" a UN report in which that nation's drug policy is questioned. The report was disclosed this weekend in Vienna, Austria.

The government official said that this very day he is sending a note requesting "to be told what is the basis of that report, when it was made, and who was interviewed." Fishman explained that the government had no knowledge that this study had been made. "No UN official consulted the police authorities in the country. The report is irresponsible and unimportant," the minister signaled.

The report, disclosed by the UN Inter-American Board on Drug Control which is headquartered in Vienna, on a study conducted in the middle of last year, highlights the "evident" lack of coordination among the police institutions as being among the problems Costa Rica suffers in this field.

Rafael Angel Guillen, director of the Judicial Investigation Agency, also denied the lack of coordination among police institutions. Meanwhile, Guillen highlighted the permanent struggle being waged to prevent his country from becoming a bridge for drug-trafficking activities from South America to the United States.

The UN report indicates that marijuana cultivation in isolated areas of Costa Rica has increased despite police efforts while it assures that Costa Rica is becoming increasingly a bridge for drug trafficking to the United States and Europe. "In the past two years (marijuana abuse) has doubled, while cocaine abuse has tripled," adds the report disclosed in Vienna. It also criticizes the "excessive" and incorrect use of lesser hypnotics and tranquilizers that constitute a real problem.

El Salvador

Poll Predicts ARENA Election Victory

PA0203213694 San Salvador Radio Cadena YSU in Spanish 1800 GMT 2 Mar 94

[From the "National Events" newscast]

[Text] According to all polls held in this country, the Nationalist Republican Alliance [ARENA] will win the 20 March elections. Rene Figueroa, of ARENA, has said that the voters' intentions to favor this organization are very clear and that this tendency is growing as elections day draws closer.

[Begin Figueroa recording] Looking at our own polls and at those carried out by the University of Central America [UCA] we find that it is clear that the electoral preferences for the presidential ticket made up of Armando Calderon Sol and Enrique Borgo Bustamante indicates that the ARENA candidates are sure first round winners.

The trend is clear, the backing of the Salvadoran people is clear, the intentions of the Salvadoran voters are clear. Another conclusion we have reached is that the Christian Democratic Party and the National Convergence-Farabundo Marti National Liberation Front [FMLN] coalition are competing for a distant, very distant, second place. We want to make this clear. Our polls and those of UCA indicate this.

We have reached the conclusion that as we approach election day, the support for ARENA grows while the support for the Christian Democratic Party and for the National Convergence-FMLN coalition remains unchanged. [end recording]

Guatemala

Ombudsman Requests Protection on Belize Border

PA0203212794 Guatemala City PRENSA LIBRE in Spanish 1 Mar 94 p 2

[Text] Human Rights Ombudsman Dr. Jorge Mario Garcia Laguardia requested the Army's and the Foreign Ministry's intervention to protect the nation's territorial integrity and the lives of Guatemalans settled along the Belizean border. During his visit to the region, the ombudsman personally learned about the threats that Belizean soldiers issued against 35 families who live at the border town of Rio Blanco, Dolores, Peten Department. The high-ranking official met with peasants of the aforementioned town and the mayor of Dolores who gave a detailed account of the threats issued by the Belizean military.

Sebastian Tux, a peasant, asked the ombudsman to clearly demarcate the boundary with Belize, because last year Belizean soldiers also forced them to abandon their land, where they left behind a crop of approximately 2,500 quintals of beans and 2,000 quintals of corn. He added: If necessary we, the peasants, offer our labor to build a boundary along the border. We have looked for another place to relocate, but have not found one. He said they would rather stay than emigrate from the lands they have tilled for many years.

Moreover, Ombudsman Garcia Laguardia said it all began when former President Jorge Serrano accepted Belize's independence and established diplomatic relations with its government, an unconstitutional act that would have never been accepted by the Guatemalans if a referendum had been held on the issue.

However, he added, two key institutions have to intervene: the Army and the Foreign Ministry. Besides, the Armed Forces are duty bound to maintain strict control

of the border, which it has apparently neglected; and the Foreign Ministry has to mediate with the Belizean Government through diplomatic channels to prevent these actions. Referring to this, he asked the Army to permanently protect the border zone and guarantee Guatemalan rights; and he asked the Foreign Ministry to mediate diplomatically to put an end to hostilities and provide guarantees to the Guatemalan citizens, so they may live in their country and exercise their rights.

Government Downplays Request

PA0203214094 Panama City ACAN in Spanish 0019 GMT 2 Mar 94

[Text] Guatemala City, 1 Mar (ACAN-EFE)—The Guatemalan Government today downplayed the request by the Attorney General's Office for the declaration of a state of emergency in view of the rumors of an alleged conspiracy to topple the government.

Hector Luna Troccoli, secretary general of the presidency, told the media that the request made by Attorney General Telesforo Guerra was "on a personal basis, and as any other citizen, he has the right to give his opinion."

Luna explained that this extreme measure—which is part of the Public Order Law—can only be issued personally by the president, Ramiro de Leon, or with the consensus of the cabinet when the situation merits it.

According to the official, that is not the situation in Guatemala at this time. Luna Troccoli admitted that these "comments have been made in informal talks," but he reiterated that De Leon "has not given any consideration to declaring a state of emergency because the circumstances do not really call for it."

The Attorney General's Office charged there is a plan to destabilize the government of Ramiro de Leon in which politicians, judges, and union leaders are reportedly involved, but he abstained from giving their names. Nonetheless, the political parties and the union leaders have demanded that Guerra present evidence of the alleged plot, which the attorney general linked to a strike movement of the public workers who are demanding salary increases.

Further on Foreign Minister's Note to UN

PA0303045294 Guatemala City SIGLO VEINTIUNO in Spanish 2 Mar 94 p 4

[Text] On 1 March at a news conference, Foreign Minister Marithza Ruiz Vielman said Guatemala has decided to send a formal note to UN Secretary General Butrus-Ghali in order to protect Guatemala's rights regarding Belize. She explained that the note will contain relevant considerations regarding territorial waters, the economic exclusive zone, and the continental shelf, with the goal of being distributed as an official UN document.

Vielman said that reference is made in the note to Guatemala's unrestricted compliance to UN Charter principles and, consequently, to Guatemala's interest in resolving the dispute with Belize. Vielman noted that the solution would be attained through negotiation or international jurisdictional procedures when she announced that the letter will be sent soon and that it will be disclosed to the media as soon as it is.

Regarding Guatemalan families' complaints of threats and a Belizean military ultimatum to make them leave their lands, which are allegedly in Belizean territory, she said the presence of settlers has been confirmed "to the east of the historic monuments that are being used as a reference point with Belize." She pointed out that "in case they prove the settlement is located in the protected Mayan biosphere area and that it was established illegally, the settlers will have to leave the area, but the Guatemalan Government will see to it that their rights are respected and that they are able to take the products of their harvest and their personal goods."

Vielman also clarified that Guatemala's interest in seeking a solution causing the least possible damage to the settlers should not be viewed as a renunciation of its rights in the territorial claim. She said that Guatemala and Belize have not recognized the mentioned monuments as a demarcation line, which was confirmed by the 31 July 1992 Joint Declaration. Vielman stated that "while the territorial dispute has not been resolved and with the sole purpose of avoiding a confrontation, the monuments have been used as a reference point by authorities from both countries."

Vielman added that if the settlers must be removed, no deadline will be stipulated because, with the protection of Guatemalan authorities, they will determine the time they need to prevent losing their crops. She refused to accept that this is a threat by the Belizean Government, and instead called the Belizean statement "a message to withdraw from there," in accordance with the Guatemalan ambassador in Belize.

The official argument for the removal of the settlers from the place is that it pertains to the Mayan biosphere, and this is why, when de Vielman was asked about the reasons why this policy is not followed with other people in similar conditions, she only replied that it concerns the organizations in charge. Finally, Vielman said the Belizean Commission will be in charge of drafting the mechanisms to be followed in the territorial claim case, and she could not venture to express her view in that regard.

Medical Students Release Detained Professors

PA0203182794 Panama City ACAN in Spanish 1725 GMT 2 Mar 94

[Text] Guatemala City, 2 Mar (ACAN-EFE)—Students from the medical school at the San Carlos de Guatemala University have released the 125 professors who were detained for more than eight hours. The students have demanded the professors resume classes and suspend the 15-day-old strike.

Carlos Mazariegos, faculty secretary, has told ACAN-EFE the 200 students have agreed to call off the measure after the professors concurred to hold an assembly to analyze the situation.

The Medical Students Association detained the professors last night, local time, while they were holding an assembly at the university. The professors have not taught classes for 15 days in support of the doctors who are on strike nationwide in demand of a salary increase.

This labor conflict coincides with the framework of the partial work stoppages and strikes staged by thousands of government workers as of four weeks ago in demand of an up to 40-percent salary increase.

The students had announced they would release the professors once they made a commitment to resume teaching, in exchange for student support in their public demonstrations for a better salary.

Mazariegos has said both groups would participate in an assembly called for by Faculty Dean Jafeth Cabrera during which the resumption of classes next week will be analyzed.

Honduras

Armed Forces 'Would Not Oppose' Hondutel Privatization

PA0203232794 Tegucigalpa EL HERALDO in Spanish 1 Mar 94 p 2

[Article by Armando Villanueva]

[Text] The Armed Forces on 28 February said that they would not oppose the virtual privatization of the Honduran Telecommunications Enterprise (Hondutel) should the government reach a political decision to do so, but their Commander in Chief General Luis Alonso Discua Elvir pointed out that this must be a "well made" decision, because it involves an institution that is profitable to the State.

The Armed Forces have managed Hondutel since its inception under the pretext that telecommunications is a national security matter; and therefore, they must not be in private hands.

Discua Elvir discussed the thorny issue at a meeting with high-ranking officers and President Carlos Roberto Reina. At a news conference at the Government House, the number one man in the military institution said that the sale of Hondutel depends on a governmental political decision, because the State owns the enterprise. He said: "There must be national awareness, and there must be a political decision to do it. Hondutel is very profitable to the State. I think that the government will have the last word through a political decision."

The military chief pointed out that the Armed Forces "do not have a positive or negative opinion" on the sale of Hondutel. Discua added that personally, however, he has always believed that the State must control telecommunications in any country, "because it is a State duty." He added that "the State always has the responsibility of controlling a country's telecommunications," regardless of who manages or owns them. However, "if the government makes a decision and has political willingness, I believe that such a decision will be the wisest decision," he added.

Discua Elvir recalled that President Reina said that if this transaction materialized, it will be done in the clearest manner possible. The Armed Forces chief stressed that there would be "absolute honesty in this privatization process," but it must be a "well made" decision, because the enterprise is profitable.

He added that the military does not control Hondutel, because its board of directors is made up of several governmental sectors, including the Ministries of Communications, Public Works and Transportation; Government and Justice; Defense; and Finance, and even the Comptroller General's Office.

Discua said that Hondutel's manager, a career military official, only follows the board's decisions. The military chief added that no national economic group is able to buy Hondutel. However, he maintained that the Military Welfare Institute (IPM) is willing to "participate" in the purchase of Hondutel, in case it is privatized. He added that the sale will require an "immediate payment" so that the State will benefit from the transaction.

Meanwhile, Gen. Discua Elvir denied that the Armed Forces are negotiating with President Reina a budget increase in exchange for their approval of voluntary military service. He said: "As commander in chief, I would be ashamed to make such a proposal to President Reina."

Nicaragua

First 100 Recontras To Surrender Rifles on 2 Mar

PA0203152894 Panama City ACAN in Spanish 2208 GMT 1 Mar 94

[Text] Managua, 1 Mar (ACAN-EFE)—A government source confirmed on Tuesday the first 100 "recontras" from the 3-80 Northern Front will surrender their rifles on 2 March, thereby beginning the disarmament process scheduled to conclude on 8 April.

Maria Cristina Arguello, Nicaraguan government ministry spokeswoman, told ACAN-EFE "everything is set, and the necessary conditions are given" for the disarmament.

The government and the 3-80 Northern Front, led by Jose Angel Talavera, alias "El Chacal," signed a four-point agreement last week which establishes the mechanism that will be used to begin disarming the rebels and possibly end the conflict in northern Nicaragua.

Government Minister Alfredo Mendieta and delegates from the Army and verification and follow-up commissions met with rebel leaders on Tuesday in Quilali, on the Honduran border, to establish whether the agreements had been fulfilled.

"It was a preparatory meeting to finalize the details of the first phase of the demobilization and disarmament process," which will take place in the village of Caulatu, Arguello explained.

The second contingent of "recontras" (approximately 250 men) is scheduled to surrender its weapons on 16 March, and the remaining members of that unconventional force, including its general staff, will surrender on 8 April.

According to military sources the 380 Northern Front, the foremost armed group, is formed by approximately 500 people, mostly former members of the "contra" who fought against the Sandinist government.

Argentine Sergio Caramagna, general coordinator of the OAS International Commission of Support and Verification (CIAV-OAS), has said the 3-80 Northern Front's demobilization "will mark the beginning of the dismantling of armed violence" in Nicaragua.

Nevertheless, in statements to ACAN-EFE the diplomat warned if broad social and economic programs are not implemented in the northern regions, there may be a resurgence of armed violence.

"Broadly speaking, peace is coming of age" in Nicaragua, "but I believe the time has come to attack the root of the conflict," Caramagna stressed.

He also expressed concern over two "recontra" leaders known as "Northiel" and "Charro" who did not sign the recent peace agreements signed by "Chacal" and the government.

The Army has reiterated it will fight the groups that have not agreed to surrender their weapons, adding the groups led by "Northiel" and "Charro" are formed by approximately 100 men only.

President Violeta Chamorro urged the people last week to forget the chapter of armed violence in Nicaragua, and she called for a reconciliation among the Nicaraguan people.

The "recontra" problem emerged in Nicaragua after Chamorro took office almost four years ago. Thousands of the 22,000 former "contras" rearmed themselves because they were unhappy with the government, which, in their opinion, had failed to fulfill the agreements for their return to civilian life.

Sandinist Legislator Carlos Gallo, president of the National Assembly Human Rights Commission, will attend the disarmament ceremonies of the first 100 "recontras" from the 3-80 Northern Front.

Gallo said the Chamorro government "must now fulfill its pledge to present a new social and economic emergency program" for the rebels' definitive return to civilian life.

'Cobra 93' Head Says Police, EPS Give Support

PA0203162394 Managua LA PRENSA in Spanish 27 February 94 pp 1, 12

[Article by Adolfo Olivas Olivas]

[Text] Esteli—Melvin Ernesto Herrera Agurcia, the captured former first lieutenant of the Sandinist People's Army [EPS] and military leader of the self-styled Cobra 93 Nicaraguan Guerrilla Front [Frente Guerrillero Nicaraguense Cobra 93], has said this movement, which authorities call a "criminal gang," has received the military support of six National Police members and certain EPS followers.

The National Police arrested this week Herrera Agurcia, a retired Army officer, when he was hiding in the home of Subcommander Tobias Gadea, a retired Government Ministry official and an Esteli City resident.

The leader of Cobra 93, which operates with the support of cooperatives in the Miraflor area, said at the time he was arrested he was making contacts related to his guerrilla activities. Although Herrera did say: "I have been staying in his house for a long time," he denied Tobias Gadea's involvement in this new recompas movement.

Herrera said many retired officers support Cobras 93, but when there are criminal activities involved, sympathizers begin to suspect the rearmed members.

Herrera Agurcia, a Quilali native, led the Battalions for Unconventional Warfare during the past decade, and after joining the retirement plan for a large number of officers he left for San Bartolo to farm his father's lands. According to Herrera Agurcia, the 3-80 Northern Front [FN 3-80] recontras killed his brother and other relatives and raped and beat his wife, leading her to have an abortion.

This is how he arrived in Esteli, where he organized the self-styled Cobra 93 so as to "make the recontras pay for the death of our relatives."

Herrera Agurcia explained the movement's objectives were betrayed by Ramon Alejandro Bermudez, a retired officer and Cobra 93 second in command, because his men began to rape peasant women and to become involved in kidnappings and attacks against communities along the Pan-American Highway from Esteli to Condega.

During a news conference at the National Police Command Operations Center in Esteli that took place on 25 February, Herrera Agurcia said before the main police commands of the department Bermudez had told him

before his arrest six policemen and EPS members on duty were supporting the movement, and they were even donating war weapons.

Subcommander Douglas Zeledon, second department police chief, confirmed Policeman Leonel Valenzuela was arrested as a presumed "Cobra 93" collaborator.

He added investigations are still going on to detect the possibility of individuals being involved in planning the recompas actions. So far the recompas have perpetrated nine robberies and other crimes.

Zeledon said the operations will continue until approximately 16 criminals are arrested, although Herrera Agurcia said his forces include up to 80 men, and if the government does not give them an enclave, they will begin actions against the FN 3-80 in El Zungano.

The military operations have resulted in the arrest of 12 people, including two injured, most of whom are retired EPS members and members of cooperatives in Miraflor, 27 km northeast of Esteli.

The authorities have also seized 10 AK and M-16 rifles, one 23-25 carbine, TNT explosives, a large amount of ammunition, backpacks, uniforms, medicine, and other military material.

Subcommander Zeledon explained three criminal bands operate in Esteli Department, including the remnants of Cobra 93, robbers who operate in Pueblo Nuevo and affiliate with the FROC [Peasant-Worker Revolutionary Front], and another group that operates between Yali and Condega.

Sergio Ramirez on Social Democracy, FSLN

94P20433A

[Editorial Report] Managua EL NUEVO DIARIO in Spanish of 14 February 1994 on page 7 reports that Sandinist deputy Sergio Ramirez remarked to the head of the German Press Agency for Mexico and Central America that the Sandinist National Liberation Front (FSLN) "needs to bury its political-military past and strive to be a modern party...capable of confronting the problems of the great majority." He said that FSLN leaders must communicate more with the voters and bear in mind that they represent a party "which rejects all methods of violence...." Turning to the current crisis, Ramirez said that the government's greatest weakness in its economic policy is "ignoring the massive problems of the population" and "overemphasizing the dictates of the international financial organizations." Stating that he is against neoliberal policies, Ramirez also said that he has no intention of seeking the position of FSLN secretary general. In response to a question about the social-democratic nature of the FSLN, Ramirez explained that while the FSLN is a member of the Socialist International, there is a current within the Front which represents "the democratic left."

New Political Alliance Formed

94P20433D

[Editorial Report] Managua LA PRENSA in Spanish of 5 February 1994 on pages 1 and 14 reports that Adolfo Calero Portocarrero, vice president of the National Conservative Party (PNC), announced the formation of the Blue and White Triangle, a political alliance joining the conservative and liberal parties and the Nicaraguan Resistance. Calero explained that the alliance responds to "the wishes of the rank and file." Calero stated: "The rank and file will follow the conservative/liberal party which shows the most leadership...." The strongest parties in the National Opposition Union are the Liberal Constitutionalist Party, the Liberal Independent Party, and the PNC, according to the article. PNC official Rina Cardenal announced that each party within the alliance will hold primaries and then "the rank and file will elect their true representatives."

Free Trade Zone Increases Exports

94P20433G

[Editorial Report] Managua EL SEMANARIO in Spanish of 3 to 9 February on page 9 reports that according to the Ministry of Economy and Development, 1994 Free Trade Zone exports will increase 82 percent over last year's, which totaled $14.1 million. The zone, which includes mostly Korean, Taiwanese, and U.S. clothing assembly plants, currently employs 5,300 people, up from 2,918 employees in 1992. Despite the success rate, some companies have had to close while others have faced workers' protests over the ban on unions and problems in labor-management relations, according to the article.

Italy Assists Rice Growers

94P20433c

[Editorial Report] Managua LA PRENSA in Spanish of 7 February 1994 on page 9 reports that the Agency for Economic and Social Development (ADES) will make loans to cooperatives in Leon department for growing rice. ADES director Luis Enrique Morales explains that the program will offer on-site training, seminars, and financing for 332 manzanas. According to the article, ADES has received financial support from the European Union, through the Italian Government. It is also reported that interest rates will be three points lower than the bank rates, repayable in six months.

New Agricultural Bank To Open

94P20433B

[Editorial Report] Managua BARRICADA in Spanish of 10 February 1994 on page 4 reports that the Banco del Campo (Bancam) is scheduled to open in April. The new bank was organized by the National Union of Farmers and Cattlemen (UNAG), whose 125,000 members will

more easily receive credit, according to UNAG President Daniel Nunez. The article notes that Bancam will give priority to small and medium agricultural and livestock producers. Bancam manager Luis Morales Uriarte stresses that the bank will offer all the services available at any commercial bank: "We are aware that in the beginning we will not respond to all the credit needs of small and medium producers, but within four or five years we hope to have a strong presence in the financial sector." Bancam is receiving financial support from Rabo Bank of the Netherlands, Credit Agricole of France, HIVOS, and Stichting Doen.

Development Bank Increases Credit

94P20433F

[Editorial Report] Managua EL NUEVO DIARTO in Spanish of 5 February 1994 on page 6 reports that the National Development Bank (Banades) will increase agricultural loans in 1994-1995 by 10 percent over the 1993-94 period. Banades executive director Luis Angel Montenegro said that loans will be directed at small and medium producers. According to Montenegro, the bank will lend approximately 1.1 billion cordobas to customers with a good credit history, broken down as follows: 649.177 million in short-term loans to traditional and nontraditional exported agricultural products, including vegetables; 258.133 long-term loans to agriculture and livestock; 1.094 million short- and long-term loans to industry. In 1990, 18 percent of the bank's loans were repaid, 63 percent in 1993, and the bank expects 75 percent to be repaid this year.

Pilots Deserting Air Force

94P20433E

[Editorial Report] Managua EL NUEVO DIARIO in Spanish of 9 February 1994 on pages 1 and 8 reports that Sandinist Air Force (FAS) pilots are leaving the Air Force because of opportunities to receive higher salaries working as helicopter and airplane pilots in Costa Rica and other Central American countries. According to the article, the number of requests to leave the FAS has been so great that some pilots have been incarcerated in order to prevent desertions. The Sandinist People's Army (EPS) has requested the assistance of the National Police in arresting deserting pilots, the article reports. Because so many pilots are leaving, the FAS is unable to provide enough crews for all of its aircraft. Captain Eduardo Medina of the EPS Office of Public Relations confirmed that the police had arrested FAS pilots but denied any knowledge of why they were detained.

Panama

Lewis Galindo Outlines Government Plan

PA0203225194 Panama City LA ESTRELLA DE PANAMA in Spanish 26 Feb 94 p a2

[Report on "exclusive" interview with National Consensus Alliance presidential candidate Samuel Lewis Galindo by Carmen Elida Contreras; place and date not given]

[Text] "We cannot administer a canal if the isthmus is surrounded by scarcity, violence, abject poverty, and tragedy," warned presidential candidate Samuel Lewis Galindo, who represents the Solidarity and National Unity Mission (MUN) parties. Despite the fact that recent polls have not favored Lewis Galindo, he believes in them and is aware that his campaign work has to be more intense. Lewis Galindo, who is 66, is accompanied by candidates David Guerra, MUN, and Marisin Villalaz de Arias, Solidarity.

In an exclusive interview with LA ESTRELLA DE PANAMA, the politician speaks of the country's main problems and how he will fight them as part of a government plan.

Why an Alliance With Mission?

Despite the fact that Solidarity initially talked to all political parties seeking options to create a coalition, Solidarity members decided to join MUN.

"In Mission we found points of agreement with our government plans, in the need to make a great national concerted agreement to frontally attack unemployment, crime, and raise our population's morality level," Lewis Galindo, who is also an entrepreneur, said.

He said that it was not an alliance based on "electoral campaign conveniences," instead, a serious pact that seeks only the good of the country, intentions that are outlined in the Action Plan document.

National Emergency Unemployment Plan

Lewis Galindo is of the opinion that the country's main problems, which his administration will give priority to, are unemployment, crime, drug addiction, and economic development—a topic linked to each of the others.

"Unemployment is not a problem that will be resolved in days or months, but it can be reduced." He mentioned the need to create a national emergency plan to employ at least 40,000 Panamanians in community work in poor neighborhoods, which translates to paying out $70 million a year. This would be covered not by increasing taxes, but by improving their collection by 15 percent.

Tourism is a source of jobs that can be taken advantage of by raising the Panama Tourism Institute to the rank of ministry and structuring a coherent development plan that will offer permanent jobs to more than 30,000 persons and attract the attention of visitors.

The road network could be improved to lessen the transportation crisis, mainly in the metropolitan area.

Complete Modernization of the State

According to Lewis, the Panamanian state is currently ruled by the same plan that dates back 20-30 years, thus state bureaucracy needs the inducement of a civil service career that offers the same benefits and security that private enterprise workers receive.

"We must immediately give the Social Security Fund [CSS] administrative and economic independence," the candidate noted and suggested a total revision of the CSS situation to improve its services, which are now deficient.

One must also study the possibility of basing retirement on the activity each individual conducts, he said and added, "life expectancy is not the same for all occupations. He recommended paying greater attention to pensioners, who "often feel neglected and are unable to obtain the income they need to subsist, and here is where social security must act so that they live their last years with dignity."

"We must seek the way so that the soldiers who studied a career for which there is no room in Panama can adapt to a new life," and to achieve it they must be granted study and work opportunities.

He noted the National Police must receive the advisory services of experts who at some time reorganized the police corps in other countries that have social problems identical to ours.

Lewis Galindo criticized the performance of Ruben Dario Carles at the helm of the state finances for "not adequately handling" the foreign debt, a situation that led to an increase of the commercial debt that currently totals $1.2 billion with interest.

He has left the country more indebted than before "because he followed the easy path of yielding to U.S. pressure" and did not have an adequate economic plan. Lewis Galindo made these remarks after Comptroller General Jose Chen Barria warned about a fiscal deficit. In Lewis Galindo's opinion, the mistake was to cancel the debt with the international financial institutions and miss the opportunity of negotiating the commercial debt, which at one point was worth 13 cents and is now almost 17 cents.

Lewis Galindo is a businessman and has been the chief executive officer of several industries, such as Cerveceria Chiricana [Chiriqui Brewery], Cerveceria Nacional [National Brewery], Construcciones Nacionales [National Construction Company], and the president of Banco del Istmo [Isthmus Bank], as well as ambassador to the UN General Assembly.

TV Reports Arrest of Panamanian Money Launderers in U.S.

PA0303023194 Panama City Circuito RPC Television in Spanish 2300 GMT 2 Mar 94

[Report by Celiano Fonseca including live telephone interview with Roberto Leyton, former Panamanian ambassador to the OAS, by RPC Television News Director Julio Miller; from "The RPC Television News" newscast]

[Text] [Fonseca] Panamanian attorney Ricardo Leyton and 28 other Panamanian and U.S. citizens have been arrested in Tampa, Florida, on charges of conspiring to launder money. News Director Julio Miller is on the telephone with Roberto Leyton, former Panamanian ambassador to the OAS.

[Miller] Mr. Leyton, is this information from the United States true?

[Leyton] I can only tell you what I know, which is what my brother's lawyers told me when I talked to them at noon. They told me that the charge is indeed conspiracy to launder money, and that my brother has reiterated his absolute innocence. They have said that there is no specific accusation against my brother. They themselves concede that they have never seen anything similar to this because my brother has not been accused of conducting any transactions with cash money, which is what is regularly referred to as money laundering—an attempt to convert money obtained illegally into cash.

According to what my brother has told them, he has strictly abided by Panamanian laws; all money transfers were conducted with the proper authorization of the people he was representing; and those transfers never involved cash money, but were bank transactions of money that had already been deposited in renowned banks. According to him, he has done nothing different from what corporate lawyers do in Panama.

[Miller] Mr. Leyton, what about the involvement of companies such as Merryl-Lynch and the existence of 45 kg of cocaine that were going to be introduced in the United States?

[Leyton] I repeat again: I have no information regarding any drug accusations against my brother, only about the charge of conspiring to launder money. From a newscast I watched before, I think Merrill-Lynch is involved, but I have no proof of this. My sole concern is my brother.

[Miller] When will a decision be made?

[Leyton] I have no information on that. All I know is there will be a hearing on 4 March to determine bail. The lawyers have already told me that it is difficult for foreigners to obtain bail because they have no collateral. My brother does not have enough resources to make a deposit as large as the one they usually request, however, there will be a hearing to discuss this matter.

I want to use this opportunity to denounce the slander and evil intentions of people who have tried to involve me in this matter. I have nothing to do with this situation, I do not even work with my brother. We have not even had a single client in common. Ricardo is my brother, I believe he is innocent, and I will support him as his brother, but we run our offices independently. I do not know for sure if there is political motivations behind this, but I want to explain that my brother and I do not even belong to the same political party or follow the same political trends. Do you have any more questions?

[Miller] Thanks, Mr. Leyton. We are very grateful for your statement.

[Fonseca] During his first statement in Tampa, Ricardo Leyton has maintained his innocence. With regard to this case, 28 persons have been arrested. Thus far, reports have mentioned that Luis Sanchez, a businessman, and Ricardo McFadden, an auditor, were arrested with Leyton in Tampa. RPC Television learned that on 4 March, the Tampa Court will decide whether or not Leyton and the other 28 suspects will be freed on bail. RPC reports indicate that several covert DEA agents infiltrated the group of presumed investors, and that they were the ones to leak the information and provide the details to issue an arrest warrant against Leyton and the others who are accused.

Bolivia

Lieutenant Arrested in Death of Spanish Citizen

PY0203204994 Madrid EFE in Spanish 1628 GMT 2 Mar 94

[Text] La Paz, 2 Mar (EFE)—Bolivian sources have reported that Bolivian Army Lieutenant Marco Antonio Mejia Alarcon was detained today, accused of murdering Spanish citizen Manuel Ramon Puchol Pastor.

Puchol, 33, a Spanish judicial branch employee, died on 10 February in San Matias.

According to several witnesses and a medical report, the Spanish citizen was beaten to death by a group of military men. The La Paz Government maintained until today the version that he had died of a cocaine overdose or that he had committed suicide.

President Details Municipalities Bill Provisions

PY0203232494 La Paz HOY in Spanish 21 Feb 94 pp 8, 9

[Text] President Gonzalo Sanchez de Lozada announced the Popular Participation Bill to the public yesterday evening over radio and television. This bill returns power to municipal governments. Financial resources will be reallocated following a new population distribution criterion.

The bill charges municipalities with the management of health care and education, while the central government will retain overall responsibility for these two areas.

The bill will be submitted to Congress in the next few hours and come into force one month after its promulgation.

Although it had been announced that a financial bill was to be submitted to Congress yesterday, Sanchez de Lozada reported that he will not do so until 24 February.

Some 50 people, including members of the press and citizens selected at random by a public opinion poll company, went to Government House to inquire about the subject.

Presenting the bill, Sanchez de Lozada stated that it is one of the most important steps since the 1952 revolution.

He said: "This is not a panacea for all our problems, but it is a significant step toward a true participatory democracy."

The government's initiative does away with old projects on administrative decentralization and seeks to favor regions proportional to their populations.

The bill intends to incorporate indigenous, peasant, and urban communities into the country's political and economic life by acknowledging their legal status.

It establishes grassroots organizations—made up of directly elected provincial leaders—to appoint representatives to the so-called "Overseeing Committees," which will supervise the work done by municipalities.

Their main responsibility will be to prevent more than 10 percent of resources appropriated for municipalities being spent on current expenditures and to allocate the remaining 90 percent for public investments.

The popular participation bill has an important economic component. It is based on a new income distribution system.

It provides, for example, a modification to the revenue-sharing scheme: 20 percent of funds will be appropriated for municipal governments (up to now it was 10 percent) and 5 percent for universities. The 10 percent that was allotted to development corporations has been eliminated. Municipalities will thus have real control of regional funds.

Once the new law is enacted, municipalities will have local governments to control a section of a province—based on the German system of political organization.

The centerpiece of the president's proposal is the VAT [value-added tax] on hydrocarbons, which directly affects La Paz Department.

He announced that taxes—especially the VAT on hydrocarbons—will no longer benefit the locality in which the company is headquartered, but will be apportioned according to the new population criteria.

La Paz Department's share of the VAT collection on hydrocarbons is one of the most important resources to finance its development.

The president also announced the establishment of a $20-million compensatory fund for "poor" departments, which will be disbursed by the National Treasury.

With regard to education and health care, grassroots organizations will monitor officials' work, but it is clearly established that the government will not shirk its responsibility for providing this services. Therefore, while each grassroots organization will be in charge of the maintenance of hospitals, the central government will pay the salaries of teachers and physicians.

The president added that the country's smallest villages will have more resources at their disposal. He failed to say how big cities will fare as they will allegedly have to give up part of their resources to finance the development of poorer villages.

"The main focal point—La Paz, Cochabamba, and Santa Cruz de la Sierra—will no longer monopolize everything," he said.

Despite all this explanation and because he failed to jointly present the financial bill, it is still not known how much money will be allocated to the regions for division between provinces and districts.

Brazil

President Franco Completes Cabinet Reshuffling

PY0303013494 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Mar 94

[Text] President Itamar Franco has just finished reshuffling his cabinet. A short time ago Planalto Palace announced that General Rubens Bayma Denys, head of the Military Command of the East, will head the Transportation Ministry, replacing Minister Margarita Coimbra.

Presidential Press Secretary Francisco Baker has just announced that President Itamar Franco has decided to maintain acting Minister Eleonor Franco as head of the Social Welfare Ministry, and acting Minister Guillermo Morais as head of the Communications Ministry.

According to Baker, Israel Vargas will stay at the Science and Technology Ministry; Senator Beni Veras of the PSDB [Brazilian Social Democracy Party] of Ceara is the new planning minister; and Alexis Stepanenko is the new mines and energy minister.

Lastly, Francisco Baker said that President Itamar Franco has nominated Deputy Aluizio Alves of the PMDB [Brazilian Democratic Movement Party] of Rio Grande do Norte to head the Ministry of Regional Integration. He had been proposed for the post by the PMDB.

Minister Romildo Caim will stay at the Federal Administration Secretariat. The new ministers will be installed next week after President Itamar Franco's return from Venezuela.

Poll Shows Congress Supports Privatization

PY0203234394 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Feb 94 p A4

[Article by Mara Bergamaschi]

[Text] Brasilia—According to a recent poll conducted by Brasilia's Brazilian Institute of Political Studies (IBEP), the Constituent Congress is strongly in favor of making the state monopoly on petroleum more flexible. According to the poll, at least 63.7 percent of deputies and senators would vote for a constitutional amendment eliminating Petrobras' [Brazilian Petroleum Corporation] exclusive right to prospect for and exploit petroleum. The proposal, with majority support in Congress, provides for maintaining the union's monopoly, with the possibility of opening the sector to private enterprises through concessions.

This is the main result of an IBEP questionnaire that 104 deputies and 25 senators, classified by party, ideology, and region, answered during the first week of February. Of the 64.7 percent who favored the idea of the government granting petroleum concessions, 20.5 percent believe that the change is "necessary for promoting competition, to the benefit of consumers"; 16.5 percent maintain that this formula will preserve "national interests"; while 15.2 percent believe that it is "necessary for meeting the fuel demand." For 12.5 percent of those polled, the end of the monopoly is "inevitable" because of the lack of public funds for investment.

The polled sample, which covered 20 percent of the Chamber of Deputies and 30 percent of the Senate, reveled that some congressmen consider "insufficient" the proposal made by IBEP. Of those polled, 5.8 percent favor a radical change to move the public sector even farther away from controlling the economy. Only 25.5 percent of polled congressmen do not want the end of the state monopoly, arguing that it is "not necessary" (9.8 percent); "harmful to national interests" (9.4 percent); and "harmful to Petrobras interests" (6.3 percent). Only 4 percent of those polled declined to give an opinion.

The Constituent Congress also supports the liberalization trend in the electric power, telecommunications, mining, and petrochemical sectors. According to IBEP data—this enterprise has regularly evaluated congressmens' opinions since July—a majority of deputies and senators want those sectors to be "jointly run" by the state and private eneterprises. In this poll, 55.9 percent of congressmen supported the "joint management" option—details of which were, however, not given—for the electric power sector and 47.2 percent for the telecommunications infrastructure field.

The same trend was observed in the mining sector: 49.6 percent of those polled believe that "joint management" would be ideal, 40.2 percent believe that those areas should remain in private hands, while only 6.3 percent want them to remain in state hands. In the petrochemical field, 80.4 percent of those polled favored either the "joint management" or "private sector" options. Those polled also favored privatization of port services.

Other data from the poll strengthen the indication that the Constituent Congress does not have the nationalistic features of the National Constituent Assembly (1987-1988) which designed the current Constitution. The majority of deputies and senators (55.9 percent) believe that the different legal and taxation conditions applying to Brazilian enterprises with local capital and to Brazilian enterprises with foreign capital, which are provided for in the Constitution of 1988, are "undesirable." According to the so-called "liberal" congressmen, elimination of these restrictions can produce a regular inflow of foreign investment into the country.

Fleury, Quercia Seek PMDB Presidential Nomination

PY0203201394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Feb 94 Section 1 p 14

[Article by Emanuel Neri]

[Text] Sao Paulo Governor Luiz Antonio Fleury Filho is willing to dispute the PMDB [Brazilian Democratic Movement Party] presidential nomination with Orestes

Quercia at the PMDB convention. He demands, however, that some conditions be met. Fleury wants those coordinating his candidacy to create a movement around him to enable him to face Quercia on an equal footing. He wants to avoid engaging in an electoral adventure and being used as an anti-Quercia instrument.

Last week in Brasilia, Fleury became convinced that he could seek the presidential nomination. In less than 24 hours—between the evenings of 24 and 25 February—he received the support of ranking members of his party. Yet Fleury refused to leave Brasilia as a candidate. Addressing a group of PMDB deputies who were prepared to launch his candidacy, Fleury said: "Hold it! Not yet."

A meeting with PMDB deputies on the evening of 24 February was the highlight of his visit to Brasilia. Of the 99 deputies in the PMDB bloc in Congress, 48 were there. The promoters of Fleury's candidacy believe as many as 70 members of the PMDB bloc in the Chamber of Deputies could support Fleury. They also believe between 25 and 27 PMDB senators support him. Fleury is scheduled to dine with these senators this week.

If he agrees to run, Fleury could surprise former Sao Paulo Governor Quercia. Fleury's aides began on 25 February to draft a map outlining support for Fleury state by state. This evaluation shows Fleury has the support of most PMDB members in 10 states. It is expected that he has almost overwhelming support in major states such as Rio Grande do Sul and Minas Gerais. It is also expected that most delegates to the PMDB convention from Rio de Janeiro and Bahia States favor Fleury.

PMDB members from the states of Santa Catarina, Mato Grosso do Sul, Espirito Santo, Alagoas, Rio Grande do Norte, and Pernambuco are still expected to support Quercia. The remaining states are considered either pro-Quercia or undecided. Sao Paulo State, which is considered pro-Quercia, has the largest number of PMDB delegates. Of the 625 municipalities in the state, the PMDB has 362 mayors; most of them—with rare exceptions—are loyal to Quercia.

Quercia also controls the PMDB bloc at the Sao Paulo Legislative Assembly, where 20 of the 26 deputies are loyal to him. Fleury and Quercia are, however, even regarding the 14 PMDB federal deputies; each has the support of seven deputies. The pro-Quercia faction appears to be strong in the states of Para, Mato Grosso, Paraiba, Goias, and Ceara. In Parana State, the PMDB answers to Governor Roberto Requiao, who also dreams about the presidential succession.

The promoters of Fleury's candidacy have emphasized other factors that favor their candidate. They contend that most of the strong PMDB gubernatorial candidates support Fleury. This is true of Antonio Britto (Rio Grande do Sul), Tarcisio Delgado (Minas Gerais), Divaldo Suruagy (Alagoas), Garibaldi Filho (Rio Grande do Norte), Wilson Campos (Mato Grosso), and Gerson Camata (Espirito Santo). The list also includes weaker candidates, such as former governor Moreira Franco (Rio de Janeiro) and the candidate to be nominated by the PMDB in Santa Catarina State. Moreira Franco, who admits that he would prefer Britto for the presidency, yesterday met with Quercia in Rio de Janeiro. He later said he will call Fleury tomorrow to ask if he plans to seek his presidential nomination.

Another factor favorable to Fleury is the support from all PMDB national leaders. Luiz Henrique, the PMDB president; Pedro Simon, the government leader in the Senate; Luiz Carlos Santos, the government leader in the Chamber of Deputies; and Tarcisio Delgado, the PMDB bloc leader in the Chamber of Deputies, are all opponents of Quercia. Simon has already announced his support for Fleury and Santos is the leading promoter of Fleury's candidacy.

Fleury is aware that the support he is receiving is prompted more by resistance to Quercia than by his own electoral appeal and has made it clear that he will not join an anti-Quercia front. He wants his candidacy to be an option to help the PMDB remain undivided over the presidential succession issue. He also voiced disagreement over the way some people have announced their support for him.

"Fleury's candidacy is more palatable than that of Quercia," Simon said. Fleury wants his support to be centered on political issues, without making any reference to Quercia. Loyal to Quercia, Para Governor Jader Barbalho distrusts the expressions of support for Fleury. He said: "It is a wedge being used by our adversaries to divide the PMDB in Sao Paulo," adding: "Behind the promotion of Fleury's candidacy by the Rio Grande do Sul leaders is the PSDB [Brazilian Social Democracy Party] candidacy."

His failure to draw the support of PMDB governors is another problem for Quercia. Except for Barbalho, none of the other six PMDB governors has voiced support for Quercia. Goias Governor Iris Rezende, who was a Quercia supporter, hopes to become a presidential candidate. Fleury's supporters are trying to persuade Rezende to run on Fleury's ticket. Amazonas Governor Gilberto Mestrinho has also remained silent. Paraiba Governor Ronaldo Cunha Lima has declined to state his position. Both Mestrinho and Cunha Lima were considered allies of Quercia. Tocantins Governor Moises Avelino has no leaning toward Quercia and Parana Governor Roberto Requiao is an avowed foe of Quercia. Fleury's supporters expect to obtain the support of the PMDB governors.

Governor Brizola Seeks Alliance With PMDB

PY0303003694 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Feb 94 Section 1 p 14

[Text] [Rio de Janeiro] Governor Leonel Brizola (PDT) [Democratic Labor Party] is looking to the PMDB [Brazilian Democratic Movement Party] as the only party with which he might break the isolation of his

candidacy for the presidency of the Republic. He is acting on two fronts, seeking to convince at least some PMDB members. He is openly courting the PMDB's Rio Grande do Sul State wing, while quietly and favorably responding to former [Sao Paulo] Governor Orestes Quercia's overtures for agreement.

Brizola's isolation stems from the unfeasibility of an alliance with the PT [Workers Party]—owing to the absolute leadership of Lula [PT leader Luis Inacio Da Silva] in the polls and the consequent reluctance of the latter—and with the PSDB [Brazilian Social Democracy Party], mainly because of his aversion to the party's Ceara State wing.

In light of the affinity expressed by PPR [Progressive Renewal Party] leader Paulo Maluf, who is sympathetic toward Brizola, with [Bahia Governor] Antonio Carlos Magalhaes' PFL [Liberal Front Party]—which is the PDT's worst enemy after entrepreneur Roberto Marinho—it has been said that the possibility of an alliance has definitely been buried, leaving the PMDB as the only alternative.

Brizola has already met with PMDB President Luiz Henrique da Silveira once and will meet him again this week. Brizola proposes using his political clout in Rio Grande do Sul State to help former [Social Security] Minister Antonio Britto become the Rio Grande do Sul governor in exchange for support for his presidential candidacy.

Brizola even pledged to overcome old disagreements with Senator Pedro Simon in order to reach an understanding.

Editorial Examines NATO Downing of Serbian Planes

PY0203222794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 94 p A3

[Editorial from the "Notes and Information" page: "Credibility Attained"]

[Text] For the first time in its 40 years of existence, NATO has shot real ammunition against enemy targets outside its field of action. There is little to commemorate in the first real military NATO action, the consequence of which was the destruction of four Serbian fighter planes, besides the unprecedented characteristic of the event, and the fact that the Serbs now know that the ultimatums issued by the NATO in the name of the United Nations are backed by the force of weapons and the will to use them. The incident served to demonstrate that NATO will not hesitate to use its operational superiority to maintain the exclusion zones established by the UN peace forces free from air strikes. In other words, the determination of one of the parties to comply with the public threats it has made is now known. What is not known is how far the other party will go in this confrontation of wills.

Since World War II the Yugoslav Armed Forces, made up mostly of Serbs, have prepared themselves for low-intensity war. This is what the Serbian militias have been doing in Bosnia, never engaging in a frontal battle against a superior enemy and never hurrying to close the siege. The policy followed by the Serbian leader in Bosnia, Radovan Karadzic, is in keeping with this military doctrine. Even Russia expressed support for the NATO action—without, however, condemning its traditional Serbian allies. Karadzic went to Moscow to hold a meeting with Russian Foreign Minister Andrey Kozyrev. They agreed to open as of 7 March the airport of the besieged Muslim city of Tuzla for humanitarian missions. Karadzic is playing the game well. He obeys the NATO ultimatum which had established that date to open the airport; has offered the Russians the chance to once again emerge as a decisive and essential player in any political-diplomatic arrangement in the Balkans; and at the same time he is telling his followers that it is yet not time to end the fight—to the point that after the downing of the four Serbian airplanes Karadzic's militias bombed Tuzla, aiming at a hospital, a grocery store, an ammunition factory, and one of the landing strips of the airport.

The downing of four Serbian airplanes boosts the credibility of President Clinton's foreign policy, but does not represent a guarantee that there is a solution at hand for the Bosnian problem. After two years of hesitation, the Western world powers agreed on something in imposing restrictions on Serbian forces. These restrictions, however, are mild, and do not stop the massacre or the taking over of territory, and much less do they guarantee free traffic for the UN peace forces in Bosnia. There is not enough basic will to impose conditions for a minimally fair and lasting solution to guarantee peace in Europe.

Foreign Minister Tours Europe To Revive Foreign Policy

PY0203191494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Feb 94 p A8

[Article by Reali Junior]

[Text] Brazil is giving up the passive diplomacy that has prevailed during the past few years in its relations with Europe. During his visit to Germany, Foreign Minister Celso Amorim has been trying to design a more dynamic position for Brazilian diplomacy and counter the self-restraint our country has been imposing on its foreign presence. High-level meetings have been scheduled for April when British Foreign Minister Douglas Hurd visits Brasilia, and the Brazilian foreign minister will visit France at the invitation of his counterpart, Alain Juppe. Amorim will address the Senate Foreign Relations Committee then.

These bilateral meetings have not been held for some years. As just an example of the poor period being experienced by Brazilian diplomacy, the French foreign

minister's visit to Brazil has been postponed four consecutive times during the past few years.

The positive results of the foreign minister's visit to German foreshadow a new period. In Bonn on 25 February, the Brazilian foreign minister himself announced these two important meetings with the British and French foreign ministers to O ESTADO DO SAO PAULO. Amorim said: "If Brazil hopes to play a leading role in the international arena, it cannot give up these talks." The Brazilian foreign minister accused former President Fernando Collor of destroying our country's foreign policy and not replacing it.

The Brazilian foreign minister admitted that recently our country has been placing less emphasis than it should on its bilateral relations. This explains the new effort toward France, the United Kingdom, and Germany, Brazil's three principal European partners, which represents a priority in Itamaraty's strategy. The effort to further approach these EC countries is obviously aimed at attracting technology and investments. Amorim emphasized: "To this end, however, it is necessary to hold political talks."

In the case of Germany, the Brazilian foreign minister explained: "The tripartite agreement's ratification was essential because diplomacy and development must work together."

Concerning specific projects, the minister confirmed the German interest in Sivam [Amazon Region Surveillance System]. The Germans are interested in installing the air traffic control system in the Amazon region. The French and Americans also have expressed interest in this project. The Brazilian Government's decision on the submitted proposals must be made by late April.

President Signs Contract for Bolivian Gas Pipeline

PY0203225194 Madrid EFE in Spanish 1949 GMT 24 Feb 94

[Text] Brasilia, 24 Feb (EFE)—The president's office has reported that Brazilian President Itamar Franco today signed a contract to build a domestic branch of the projected gas pipeline that will carry Bolivian natural gas to Brazil.

The branch will be 360 km long, stretching between Rio de Janeiro and Belo Horizonte. The pipeline's construction and the supply of steel pipes will cost $44 million.

According to the state-owned petroleum enterprise Petrobras [Brazilian Petroleum Corporation], the gas pipeline, whose construction will take 14 months and will mobilize about 1,000 technicians and workers, will allow during its initial phase the transport of 640,000 cubic meters of natural gas per day, and 1.7 million cubic meters by the turn of this century.

According to the bilateral agreements, as of 1997 Bolivia will supply to Brazil about 8 million cubic meters of natural gas from Bolivian gas reserves. It is necessary, however, to build a 2,333 km pipeline to carry the gas from the Bolivian town of Rio Grande to the city of Campinas in Sao Paulo State.

Brazil will build a domestic network to distribute the gas in those states that are interested in purchasing it, such as Rio de Janeiro, Minas Gerais, Sao Paulo, and Rio Grande do Sul.

Colombia

Foreign Minister Sanin Views U.S. Spy Case

PA0203201694 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1238 GMT 2 Mar 94

[Telephone interview with Colombian Foreign Minister Noemi Sanin by program director Dario Arizmendi; from "Caracol's 0600 to 0900" newscast; place not given—live]

[Text] [Arizmendi] We have Colombian Foreign Minister Noemi Sanin on the telephone; good morning.

[Sanin] Good morning, Dario.

[Arizmendi] What is the government's position on the results of President Cesar Gaviria's trip to Japan? The president is on his way back to Colombia.

[Sanin] The trip was a complete success in every aspect. He was successful when he appeared before businessmen to seek investments and economic support, when he appeared at universities and parliament, during his meeting with the emperor and Japanese prime minister. He was successful in all the meetings he held. He secured financial support for Cusiana, (Diarari), and Calima III, for all the projects for which he requested financial support. The trip produced wonderful results.

[Arizmendi] The president has asked Japan to back Colombia's bid to become an Asia-Pacific Economic Cooperation [APEC] member. This membership is theoretically impossible until 1996. How important is it for Colombia to form part of that organization?

[Sanin] It would mean our full incorporation into the Pacific region. We already belong to (Pibec) [not further identified]. This is the product of a big effort by this government. This has meant the arrival of the private sector into Pacific forums. We will be received in Malaysia in March as a full-rights associate member of (TOP), the Economic Council for the Pacific, where the private sector, the government, and the academy [not further identified] have working groups and form associations to strengthen ties among Pacific countries.

Private businessmen will be able to establish links with 30,000 enterprises and will be able to trade, look for investments, and exchange technological experiences. We [words indistinct] but crowned our efforts with success. This has been, perhaps, one of our foreign

policy's best accomplishments. The next step by APEC will be to link all the Pacific countries, including the United States and Canada.

APEC aims to associate with the academic, political, and private points of view, all the countries of America and the Asian Pacific, the entire Pacific. We are working in that direction. We are participating in the forums in which we must participate. We are getting ready. I think the president's visit to Japan was of definite importance for our entrance into the grand Pacific project, because we were able to demonstrate our interest on that.

I think we are embarking on a road toward the future, because progress in the financial and service sectors, in technology, in all the most important sector, including the academic sector, is taking place in the Pacific.

[Arizmendi] A former Venezuelan foreign minister has again launched verbal attacks against Colombia in recent hours. Now he has called for solidarity from certain neighboring countries to demand that Colombia change its position. The Colombian Foreign Ministry has maintained relative silence on the declarations by Ochoa Antich. Will it maintain this silence, or will it be necessary to respond more strongly to Ochoa?

[Sanin] Former Foreign Minister Ochoa Antich is a Venezuelan [words indistinct] Colombia had very close relations with him. When he was foreign minister we obviously had to respond to his statements. We agreed at that time with many of his statements and did not agree with certain others. When this happened, we had to express our opinion, but Ochoa is now a politician, a columnist. His opinions are not official; thus it would be unwise for me to exchange opinions with him every time he, as a politician, issues his own opinions, because then we would be acting also as politicians, and we would then face very difficult relations with a country, Venezuela, with which we want to maintain the best relations possible.

[Arizmendi] Nonetheless, he charged that through you Colombia has apparently offered to support and vote for Dr. Burelli Rivas so he could aspire to the post of OAS secretary general. What is the truth of this charge?

[Sanin] I believe, first, we should not have described that as a charge. We have seen countries such as Argentina change positions once President Gaviria's candidacy was presented. Argentina now fully supports Colombia, and that is the Latin American position. The idea is to have a leader, a great spokesman at the OAS, the most important organization of the hemisphere. In the case you mentioned, however, Colombia never made a commitment.

We held a meeting on that day in which President Ramon J. Velasquez presented Venezuela's hopes that we support the current Venezuelan foreign minister. We praised his personality and work; he had been a very good ambassador to Colombia. Perhaps this was mistaken for support. I think this is a problem of interpretation, and we cannot continue to dwell on this or turn it into a diplomatic problem or conflict. Actually, there was no commitment. We have not written any letter supporting the Venezuelan candidacy. We respect it. He is a highly qualified and experienced person, but we did not commit ourselves. I think this is a problem of misinterpretation.

[Arizmendi] A problem has come up recently at the OAS in light of the various candidacies that are being discussed. Costa Rican Foreign Minister Bernd Niehaus Quesada, who is another strong candidate to become the OAS secretary general, has affirmed to the media he has at least 22 votes. Caracol has asked questions among diplomatic sources, and it has been able to determine that Colombia has from eight to nine votes and that Niehaus has 15 written votes. At least 18 votes are needed for election. What are the possibilities today of President Cesar Gaviria's hopes for OAS secretary general?

[Sanin] When the president told Colombians and the international public he accepted the nomination made by the heads of state for the post of OAS secretary general, he said according to consultations we had made, including via the Colombian Foreign Ministry, he had solid support; that is the impression I have. I think we have the necessary and sufficient votes so that as of 7 August, the president of the Republic will become the OAS secretary general.

[Arizmendi] As of the first round?

[Sanin] I think so; that is for what I am hoping, and I am working on that. I think that will be the case. According to what I have been told, that is the way it will be. Even though Foreign Minister Niehaus has given those figures.... [pauses] Not so long ago, he was giving other figures. First he mentioned 22 votes, and it seems he will have less and less as the days go by.

I do not want to talk about figures or numbers of votes. We are hoping President Gaviria's nomination will be the candidacy of unity and that it will express the spirit of Latin America. Let's hope it will be the result of a consensus, although it is very difficult, because candidate Niehaus, as you said, has been working on this for two and a half years. He has some votes but not the votes he claims to have. Are you sure of the number of votes he claims to have at this time?

[Arizmendi] Yes.

[Sanin] The votes you claim President Gaviria has are very far from reality.

[Arizmendi] What figures do you have?

[Sanin] The truth is the president has sufficient support for becoming OAS secretary general.

[Arizmendi] In this first round?

[Sanin] In this first round. Those are our hopes.

[Arizmendi] That means he has at least 18 to 19 guaranteed votes?

[Sanin] [giggling] Yes sir.

[Arizmendi] We know Foreign Minister Niehaus has 15 written votes; in other words, that would mean 34 votes. Is that correct? [giggles]

[Sanin] I do not want to count votes; actually, we are talking about hemispheric integration, a fluid dialogue, support for democracy, and a defense of democracy via cooperation and a permanent dialogue. Actually, we are not counting votes. We are voicing a message of solidarity, of integration, and of cooperation, which are what our hemisphere needs.

[Arizmendi] Inasmuch as you have mentioned integration, cooperation [words indistinct], and the fact we want good relations with Venezuela, things do not seem that easy, not only due to this case of the OAS secretary general but also what concerns Venezuela's internal economic policy. The private sector is very much concerned over how this will affect business, for example, if there is a devaluation of the bolivar. There is also a concern over the future of the Group of Three, [words indistinct] economic integration after what President Caldera has done.

[Sanin] I want to tell you in these days I have stayed in Colombia I have been speaking with Colombian entrepreneurs, with exporters, with many politicians who are interested in this subject. I have had a very fluid dialogue with the Venezuelan foreign minister, as well as in Mexico when we attended an OAS cooperation meeting. Yesterday, we had a very lengthy telephone conversation. He told me the following, and this is something the Venezuelan president had already told me: First of all, there will not be a massive devaluation in Venezuela. He told me we could rest assured in this regard. Second, he said there will not be an exchange crisis. Third, they support integration, are committed to this; they want to work for integration and defend it, just as we do.

The Venezuelan president was one of the builders of the Andean Pact, and he strongly believes in it. Thus, they continue with the idea of defending integration at all costs. They had to take certain very strong measures to defend the financial sector. The foreign minister told me all banks will open as of Friday. I believe one bank had been closed. Measures were adopted so that this financial crisis would not harm the depositors so much. They are adopting strong measures, attacking a crisis with solutions. I feel integration is irreversible. Obviously, the macroeconomic measures will have to be consulted more, and sometimes there will be people who favor the exports from one or another country, but I have the impression we are not going to have any big problems for the time being. This is what the foreign minister told me, and these are the guarantees he gave me.

[Arizmendi] There is a scandal in the United States with Maria del Rosario Casas, our former cultural attache at the Colombian Embassy in Mexico. You requested from Gabriel Silva Lujan, the Colombian ambassador to Washington, that he formally request an explanation from the State Department regarding the entire case. Have you received a reply?

[Sanin] Yes, because.... [pauses] I cannot understand how a friendly nation such as the United States can hire a Colombian diplomatic official for intelligence work. I find that unacceptable under any point of view.

I spoke to our ambassador to the White House yesterday and asked him what news he had on the issue. He explained to me the case is before the courts, and while it is in the judiciary stage we will not have an answer. I will keep the public informed of the case, because, as I said before, I cannot understand this affair.

[Arizmendi] Could we be on the verge of a formal protest note to the U.S. Government over the CIA hiring an attache—an official from our embassy—as a spy at its service?

[Sanin] I prefer not to speak of that. The only thing I must state strongly is that I fully disagree with any country using the services of a diplomatic official who is obligated by ethics and the law to defend the interests of his or her country in functions that are totally different from serving the fatherland.

[Arizmendi] We thank you very much for making these statements to "Caracol's 0600-0900" newscast.

To conclude, we have another question. You are constantly being mentioned as a running mate for any of the two presidential candidates—the conservative Andres Pastrana or the liberal Ernesto Samper Pizano—for vice president of the Republic. Are you restricted by the law or by a resolution of the State Council?

[Sanin] I have not had time to see whether I am qualified; nonetheless, you give me good news when you say I might be a running mate for any of the two candidates, because all I want is to serve Colombians, regardless of political parties....

[Arizmendi, interrupting] Which one would you prefer?

[Sanin] No, I am not going to get involved in political affairs. I am very happy serving Colombia's interests, representing Colombia. For the time being, I am not going to get involved in politics.

[Arizmendi] Not for the time being, but how about in the future? Would you like that someday?

[Sanin] One cannot commit oneself to the future, because each day brings something new. I always uphold that. Forgive me for repeating this. I am a person of faith, and I think God points out the paths He wants us to follow. I do not put conditions on my life. One thing I will tell you: My policy is to serve Colombia, to

interpret an international policy, that of President Gaviria and of the country, of the new Constitution. I feel very happy as foreign minister, and I am not thinking of anything different for the time being.

Mining Ministers React to Oil Sales To Cuba

PA0303020994 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0013 GMT 3 Mar 94

[Video report by Raul Gutierrez from the "24 Hours" newscast; passages within quotation marks recorded]

[Text] [Gutierrez] While Miami is attempting to boycott Colombian products in retaliation for selling Colombian oil to Cuba, here, the government's decision is considered to be bad business, both economically and politically. Colombian oil sales to Cuba will start in July. We will sell them between 15,000 to 20,000 barrels a day; something like a third of what the island's consumes.

[Mines and Energy Minister Guido Nule Amin] "What we are trying to do is establish commercial relations [with Cuba] similar to the ones we have established with other countries in the world."

[Gutierrez] People here, however, see several stains on the business, not caused by the black gold per se. Cuba does not have a sound payment capability and experienced oil people do not like the agreement very much.

[Former Mining Minister Juan Camilo Restrepo] "Colombia should not subsidize [Cuba] by selling oil cheaper than what can be obtained elsewhere. Second, the sale has to be carried out under strict banking and commercial conditions."

[Gutierrez] The Cubans have presented the possibility of refining our oil in their country as part of their payment.

[Former Mining Minister Guillermo Perry] "It depends on the efficiency of their refineries, how much they will pay for the crude oil, and the price we will get for products other than the gasoline we need."

[Gutierrez] For others who know this business, the oil refinery should be done here.

[Perry] "What Colombia needs is to have an export petrochemical refinery, and it should be established in the Morrosquillo gulf where the two oil pipelines merge."

[Gutierrez] In addition to the economic issues, the political ones also cast doubts on this business. Colombia is seen as giving oxygen to the Castro dictatorship and this jeopardizes its commercial relations with the United States.

Arrested Cali Cartel Leader Has Heart Attack

PA2802011894 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 27 Feb 94

[From the "NTC Newscast"]

[Text] Alleged drug trafficker Jaime Orjuela Caballero of the Cali Cartel was taken to Shaio Clinic in Bogota following a heart attack. Orjuela was being held at DIJIN [Judicial Police and Investigations Directorate] headquarters after he was arrested during a narcotics operation in Cali.

The alleged drug trafficker developed symptoms of angina, which prompted authorities to take him to a cardiology center. Orjuela was admitted to the Shaio Clinic on the evening of 17 February with severe chest pains, nausea, and fatigue. Specialists performed a catheter exploration and found one artery was 90 percent obstructed. Orjuela also suffers from diabetes, which will affect his present cardiac condition. Doctors will perform surgery to remove the obstruction. Orjuela is now in his room in this clinic under permanent DIJIN and Metropolitan Police guard. The only visitors he is allowed are his wife, father, and attorney.

Conservative Party Criticizes Government, Liberals

PA0203215494 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 2 Mar 94

[From the "24 Hours" newscast]

[Text] The Conservative Party National Directorate today seriously called to question the government and former President Julio Cesar Turbay, the Liberal Party director. Barely 12 days before congressional elections and with three kidnapped candidates and 500 municipalities in which political campaigns are banned because of domination by the guerrillas, the conservatives spoke out. The statement indicates that the government has been incapable of providing guarantees for the exercise of political rights. Here is what Conservative Party Deputy Cornelio Reyes said:

[Begin Reyes recording] The Colombian Government does not have the capacity to provide guarantees in over 500 municipalities. [end recording]

The government, through Government Minister Fabio Villegas, assures that everything is normal and that elections will be held.

[Being Villegas recording] All Colombians, through their vote, want to go to the polls on 13 March to reject violence and terrorism as a political [word indistinct]. [end recording]

With the Liberal Party convention around the corner choosing a candidate, the Conservative Party Directorate has asked its party members to abstain from participating after labeling as outlandish former President Turbay's insinuation of alleged interference.

Roundup of Economic Developments

PA2202192594

[Editorial Report] The following is a compilation of reports on Colombia's economic developments monitored through 1 March 1994.

Revenues from income taxes, the VAT [Value-Added Tax], and foreign trade increased by 44 percent in 1993 following the implementation of the tax reform law passed in 1992. The Treasury collected 400 billion pesos during the first half of February and expects to collect 200 million pesos in the third week. The treasury placed a sizable portion of the collected funds in securities to prevent instability in the financial system. (Santa Fe de Bogota EL TIEMPO in Spanish 16 Feb 94)

Colombia and Romania have signed a commercial cooperation agreement whereby beginning in September Romanian campers will be assembled in Colombia. During a recent visit to Colombia, Romanian Trade Minister Cristian Ionescu told his Colombian counterpart that his government would like to import Colombian coal for energy production and coke [coal residue], coffee, and bananas in exchange for Romanian-made mining equipment. Ionescu also proposed his country as a distributor of Colombian coffee and expressed interest in an aerial route between Romania and South America. (Paris AFP in Spanish 1811 GMT 22 Feb 94)

Ecuador

MPD Members Occupy Electoral Tribunal

PA0303005994 Madrid EFE in Spanish 0014 GMT 3 Mar 94

[Text] Quito, 2 Mar (EFE)—Approximately 400 activists of the leftist Democratic People's Movement (MPD) today occupied the headquarters of the Supreme Electoral Tribunal (TSE) in defense of a candidacy for the 1 May legislative and municipal elections. The peaceful occupation, in which dozens of workers and peasants are participating, was undertaken after it was rumored that the candidacy of Antonio Ponce, MPD candidate for deputy from the northern Andean Province of Imbabura, was going to be disqualified.

MPD leader John Pule accused the TSE members, who belong to populist, Social Democratic, and rightist parties, of trying to disqualify that candidacy. Nevertheless, he did not explain the reason for that fear.

Acting TSE President Medardo Oleas and some TSE members are meeting with the leaders of the building's occupiers, which is located in a residential area in northern Quito, to try to solve the problem.

The TSE is finalizing the details of the legislative, municipal, and provincial elections that will be held in three months. These will include a plebiscite on several constitutional reforms announced yesterday by Ecuadoran President Sixto Duran-Ballen.

Ecuador Refuses Participation in London Cocoa Accord

PA0103224794 Quito Voz de los Andes in Spanish 2300 GMT 25 Feb 94

[Summary] Ecuador will not participate in the cocoa agreement reached in London on Tuesday to hold back a percentage of the production in order to promote an increase in prices in the international market. Nicolas Fuentes, marketing manager of the National Cocoa Program, said that Ecuador receives preferential treatment for the marketing of fine cocoa.

Peru

Telephone Company Privatized for 'Record' Amount

PY0103213794 Lima Global de Television Network in Spanish 0100 GMT 1 Mar 94

[Text] In what represents a world record, a Spanish consortium has paid $2,002,179,198 for the Peruvian Telephone Company [CPT] and Entelperu [National Telecommunications Enterprise of Peru], quadrupling the established base price of $535 million. The successful bidding company will also have to invest $1 billion, within a five-year period, to install more than 1 million telephone lines in our country.

[Begin unidentified official recording, in progress] ...whose bid totals $2,002,179,198. [end recording]

In what represents an amazing world record for telecommunications privatization, the Telephone Company of Peru [Telefonica del Peru] consortium, headed by the Telephone Company of Spain [Telefonica de Espana], bid $2,002,179,198 for 35 percent of CPT shares and 35 percent of Entelperu shares, thus quadrupling the base price, estimated at $535 million.

The bid greatly surpassed the two bids presented by other two consortia: Peruvian Telecommunications Company [Telecomunicaciones del Peru], headed by the U.S. company GTE, which offered to pay $803 million; and Peruvian Telecommunications Holding Limited, which offered to pay $857,142,857.

[Begin recording] [Telephone Company of Spain representative Jorge Santillana] The first variable that we have introduced is to bet on Peru as a country with a telecommunications development potential that is part of Peru's economic development. This was one of the basic variables. According to these basic variables, we belong to an international group that nowadays has established itself in Venezuela, Argentina, Chile, Puerto Rico, and Colombia.

For us, our investment in Peru, to a certain extent, complements a market that we have. We have bet on the development potential.

[CPT President Antonio Paucar] We never dreamed of such a quantity of money entering. I believe Peru never dreamed... [pauses] Never before in Peruvian history has such a quantity of money been received for investment in private companies.

[Unidentified reporter] When will the successful bidding company be finally paying the quantity...?

[Paucar, interrupting] It should be paying in about 30 days. [end recording]

During the five-year period during which it will hold a monopoly on the (?Sifa) telephone system and the long distance service, the Spanish consortium, along with the Peruvian companies Brewery Backus and Johnston, Inc., Wiese Bank, and Granda y Montero, will install 1 million telephone lines, involving an investment of $1.5 billion [as heard].

[Begin Santillana recording] We will fulfill our promise. We will meet the terms established in the bidding conditions. [end recording]

CCD [Democratic Constituent Congress] President Jaime Yoshiyama, who attended the ceremony, emphasized the transaction's amount.

[Begin Yoshiyama recording] In addition to this amount, the $2 billion that the company will pay, $1 billion will be invested to install the new telephones. This represents about $3 billion that are entering Peru. I believe this represents a success for which the public must be grateful to the Privatizations Committee. [end recording]

For his part, after expressing his total satisfaction over the success of the Telecommunications Company's auction, President Alberto Fujimori pointed out that, with this amount, the (?balance) will be guaranteed. He said about $1.4 billion from CPT's and Entelperu's sale will be allocated for the enhancement of social programs.

[Begin Fujimori recording] This is good news because it is not merely a circumstantial investment, a so-called speculative capital. It actually is a long-term investment, based on our country's established legal stability for foreign investors.

Now then, in a nutshell, in order to... [pauses] [words indistinct]. This represents a very clear sign that the privatization process, our economy's modernization, is working. Therefore, their telephone company will arrive in Peru. It is clearly specified on the contract: 1,453 towns that did not have telephone lines will have one in the period established by the contract.

In this regard, I am satisfied with the fact that this privatization has been such an overwhelming success. In fact, this will guarantee our balance. Of this amount, $610 million will be invested in the purchase of new [word indistinct] for (?microwaves) and the total purchase amount, namely $1.391 billion [as heard], will go directly to the treasury. This obviously will allow us to enhance all our social programs. [end recording]

Roundup of Economic Developments 28 Feb

PA0103224894

[Editorial Report] The following is a compilation of reports on Peruvian economic developments monitored through 28 February. Source is cited in parentheses following each item.

The State Petroleum Agency, Petroperu, reported a 6.7-percent increase in oil production in January when it reached an average daily yield of 132,916 barrels. Prospects for 1994 will be approximately 130,000 barrels a day. The average for 1993 was 125,000 barrels a day, which represents a 9-percent increase over 1992. Energy and Mines Minister Daniel Hokama stated that proven oil reserves will increase 10 percent in 1994 and will reach 420 billion barrels. (Mexico City NOTIMEX in Spanish 1941 GMT 23 Feb 94)

The Public Enterprises for Fishing Certificates, Cerper, was privatized in only seven minutes. Drocasa made the purchase for $1.601 million, $1,000 over the requested minimum. Drocasa was the sole bidder. In another report, Juan De la Piedra, legal representative in our country for Business Software Alliance, said that Peru could be subject to sanctions for allowing computer programing software piracy. He added that Peru should respect Decision No. 351, which regulates copyright and authors' rights in the Cartagena Agreement, otherwise Peru could be fined by the United States. (Lima Global de Television Network in Spanish 0100 GMT 26 Feb 94)

Venezuela

President Caldera Reviews First Month in Office

PA0303034294 Caracas Radio and Television Networks in Spanish 2259 GMT 2 Mar 94

[Speech by President Rafael Caldera at Miraflores Palace in Caracas—live]

[Text] People of Venezuela: The government I head is marking one month in office; a short month because February has only 28 days. It included carnival, and although the government worked every carnival day, more than half of the country was absent from normal work during carnival.

As we mark our first month, I feel obliged to report to the country the main aspects of the tasks we must carry out and the measures we have adopted to face the situation. I will not tire my compatriots—the inhabitants of Venezuela—by listing all the bad things we have encountered. I can only say that the situation was worse than we had imagined.

The country must realize that there have been many difficulties but it must also be aware that from the very beginning we assumed the firm determination of taking on these responsibilities. Bringing order at home is a priority that is very difficult to achieve when the home

involved is large and complex and when it is in disarray, as is currently the case in Venezuela.

We are making great efforts to bring order at home. In all sectors of public administration we have even had to resort to partial restrictions of economic guarantees. The way this measure was welcomed shows that the country understands the situation we are facing. This measure was issued urgently to stop confusion about the value-added tax, VAT; to stop applying the VAT at the consumer level until we established new taxes as part of a fairer fiscal reform that will place the heaviest burden of public expenses on segments of the population that are better suited to endure them.

I wish to reaffirm that the suspension of such guarantees did not seek to establish foreign exchange controls or decree a maxi-devaluation or any other similar measures that I categorically rejected during my inauguration as president of the Republic. I wish to add that the powers that the Executive Branch assumed after having restricted economic guarantees will be exercised with moderation and responsibly only when they are strictly necessary to seek economic stability, which is an important goal that we must pursue.

Upon my reaching the government, the most urgent problem we found was the fiscal deficit. Perhaps it is not the most important one. The country has many more serious problems, but this is indeed the most urgent. It calls for immediate actions [obligaciones de immediatismo] that somewhat make us lose our perspectives of primary medium- and long-term goals.

It is essential that we deal with the fiscal deficit not only to allow the state to continue to operate and exist, but also to tackle the disease of inflation, which is a major disease that is undermining all social segments, especially the poorest. This situation could worsen if there is no solution to the fiscal deficit problem.

We started by cutting spending. It is so difficult to deal with a budget of 1.4 trillion bolivares and find out that many expenses are fixed, that they cannot be changed—for example, our foreign debt commitments. Other expenses cannot be cut due to humanitarian, social, or justice reasons. That is the case of salaries because real salaries actually decrease, and in general, they prove to be insufficient for most public sector servants.

There are other expenditures that create social conditions.... [pauses] making reductions almost impossible to face. And then there are other expenditures in public sector entities that are not under the control of the Executive Branch. At any rate, the effort made this week has for the time being entailed a reduction of 105.858 billion bolivares that in some way contributes to lowering the deficit and, most of all, provides a big example, because we are beginning by cutting the presidency's spending to be able to have—as we do—the moral authority to ask all sectors and all who receive benefits from the Treasury to make their share of sacrifice. If all of us are not ready to do what is indispensable, the situation would be irreparable.

As for fiscal revenue, we now have the problem of collection. We have evidence that most taxes levied in Venezuela based on current laws are not collected for reasons of incompetence, corruption, or technical deficiencies, and many other kinds of deficiencies regarding the tax collection system. That is why we ordered the creation of an autonomous service for managing and controlling taxes, as it exists in other countries that have had the same experience and that provided us with instructions and indications that have served us in good stead in facing this issue. We firmly hope we will be able to increase revenues substantially and this will be a major step toward lowering the fiscal deficit.

However, we also have to increase revenues, mostly because we are determined—and we have proved it and are reaffirming it—to eliminate the VAT at the retail level, as it is a very heavy burden and a source of corruption that according to some could become similar to the experience with Recadi [Differential Exchange System]. We are, therefore, going to replace this tax with fairer taxes that fall on those who can pay. The tax on luxury items, for example, starts at 10 percent, we add another 10 percent, and another 10 percent later, based on the nature of the luxury items that are purchased and that do not correspond to the country's difficult situation.

This is a tax on wholesales, and it is selective. It serves to place the State's need to obtain revenues to meet its needs on fairer grounds. The amendment on the income tax, which will go up to 34 percent, and which is an effort we are requiring—and is required in other countries because developed countries have a very high income tax. [sentence as heard] We are going to do away with the excuse that tax payers often had to say: I do not pay taxes because they are stolen. We now have the guarantee that the tax money will not be stolen but will be administered with utmost seriousness because the struggle against corruption is a fundamental objective of this government. We are not going to yield or fail in any way.

For that reason, the taxes that are collected will be taxes for public spending and the service of the community. The tax on banking debits, which will be a necessity this year because the income tax will not be collected this year but the next, is a temporary tax until 31 December 1994, as has happened in other countries of the world. The finance minister will submit this bill to the Chamber of Deputies, which he has asked to receive him next week to submit the carefully drafted bills. With regard to these bills, we hope the representatives of the blocs that comprise the Legislative Branch will be receptive to them as most of them have pledged to be.

This fiscal deficit problem, however, got more complicated with the Banco Latino disaster, which represents the tailspin of the moral crisis Venezuela has experienced in moral, economic, and every other respect.

The Banco Latino case is very serious and the large number of Venezuelans and foreigners victimized by that institution's incorrect and criminal operations is really amazing and a source of deep pain.

The government has not been indifferent to this at all. From the very beginning, it has adopted every possible measure and procedure. We even asked the Senate to ratify, in keeping with the new Banking Law, the appointment of the new bank superintendent and the new Deposit Guarantee Fund, Fogade, president and we are confidently awaiting their ratification.

We appointed an Intervention Board, which all parties involved in this problem have welcomed with great respect and enthusiasm, I would say. I learned that the Intervention Board has already made preliminary studies, and therefore, it is ready to start revitalizing Banco Latino in approximately 30 days, when it will be fully operational.

We chose to revitalize it rather than liquidate it because, based on precedents in Venezuela and elsewhere, liquidation is completely negative. Therefore, this is a clear path to ensuring that those who have interests, deposits, and their livelihoods in Banco Latino will find a way to transform their rights [derechos] into stock or assets [pertenencias] in an establishment that will be revitalized and reconfigured, and well-managed. The pressure needed to get debtors to pay up is already being applied.

By the way, there must be a collaboration by all the branches in public power, which we have had. Congress is issuing an emergency law and the executive branch has voiced its views, some of which have been accepted. We hope this step, taken by Congress, will be fully satisfactory. At any rate, we are willing to do whatever is necessary to ensure that it will be truly efficient.

The Judicial Branch has also played a role. We are waiting for the official who knows about the Banco Latino case and who, according to the bill, would be the only person to intervene in this matter—we have many good references of her—to announce her decisions. The government will not point out the culprits, however, the culprits that the Judicial Branch designate, will be punished.

We will place all the state's power at the service of justice to ensure, if warranted, the establishment of penal punishments and civilian punishments determined by the tribunals, as well as precautionary measures that are indispensable to recovering, as soon as possible, the money lost in the Banco Latino cataclysm.

We are, therefore, perfectly willing to offer our decided support, without any distinctions, to provisions issued by the Judicial Branch on this matter. I must say that the Central Bank of Venezuela has helped us face the crisis. It has helped by doing perhaps a little more than what is normally expected from this institution.

I think, I am convinced that the country, all interested parties, the depositors, checking account holders, and those who had trust funds and interests at Banco Latino can rest assured we are doing everything we can to overcome this terrible situation in the most satisfactory manner possible.

Of course, the Banco Latino cataclysm, as I called it, has influenced the financial system in general. The concern of the government and all public sector organizations has been to prevent similar situations from occurring at other banks to which we gave, are giving, want to give, and will give all the necessary protection to prevent the disaster that a financial system catastrophe would entail for the country.

Fortunately, Venezuelans have been very prudent, and amid the uneasiness, anguish, and desperation that many feel, the actions taken have built trust and created hope in the institutions and systems that make up the Venezuelan economy.

This is all part of the economic policy. A medium- and long-term economic policy has already started to materialize in the tax reforms and, as we had said, its main concern will be centered on the people and the struggle against poverty. Although we have been unable to implement measures to produce effective results immediately, the fact that we suspended a tax that was going to have direct negative effects on the grass-roots sectors and that we have presented Congress with a proposal for a tax system—the weight of which falls on the privileged sectors—clearly shows the path we aim to take. Our concern is, of course, to fight the scourge of inflation and, to this end, our efforts to remedy the fiscal deficit are fundamental.

To the extent possible, we do not want to reduce social expenses. The subsidies that are currently being paid will be maintained; the government's main obligations in the struggle against poverty will not only be maintained but we will attempt to increase them. We will implement a persistent policy to support grass-roots neighborhoods so that they can have running water, housing, and necessary comforts of a modern life. Of course, it is an ambitious, extensive program which will have to start at the beginning but, I am sure, it will be received with faith, confidence, and satisfaction by the Venezuelan grass-roots sectors.

This economic policy becomes a commitment of solidarity. We cannot carry it out if we do not obtain a fundamental agreement among all the sectors. We have begun talks with businessmen, farmers, small and medium-size industrial producers, and workers to try to achieve a number of aspirations that have to be obtained through consensus. The development minister has announced the negotiation he carried out with commercial sectors to avoid the unrestrained hikes of prices, which are already pretty high. We have, however, had to decree a special measure, postponing price control with regard to medicine, which is one of the most delicate, serious, and

acute aspects of the current situation. Thus, we are optimistic in the sense that the country's receptivity encourages us to believe that there is confidence in the future. We still have to go through a very difficult stage.

Currently, we cannot increase investments as we would like to. We plan to encourage private investment by offering stability and by effectively controlling inflation, which is one of the most significant obstacles any investor can encounter. In light of this, we are motivated by a commitment of togetherness which fills us with faith and confidence.

We have encountered numerous problems and I would briefly like to state that with respect to the military officers indicted as a result of the events that took place on 4 February and 27 November 1992, these individuals have received the treatment that was announced from the beginning. The disposition to dismiss the charges against all of them is still in effect. Now, I would like to clearly state that I believe that those officers who adopted an unquestionably political position and are members of political groups should decide not to rejoin the Armed Forces. The Constitution says that the Armed Forces are apolitical as well as nondeliberating entities and I am willing to respect and ensure this principle.

As commander in chief of the Armed Forces, I would not commit the blunder of authorizing a political group that is organized and active in the political arena to enter into the Armed Forces. Instead, I open the way for it to participate in civilian life and exercise all the rights that the rest of the citizens have. I think the most honorable thing for an officer who is passing from military to civilian life would be to do so at his own request. I have not wanted to resort to other mechanisms that would not provide them with an honorable discharge as they have the right to demand and as befits them because of their own conscience, rank, and military situation. Therefore, I am willing to continue granting stays of proceedings. Some, perhaps many officers may be able to return to service because their particular case perfectly well authorizes them to do so. But I really ask those who are involved in political activity, and who are not hiding this but are publicly showing this, to admit that the most honorable and advisable thing for them and for everyone would be to have them request, by their own decision, their return to civilian life.

To conclude, I want to state that the decentralization process that began in the last few years will be continued by my administration, but it will be decentralization not disintegration. The national government is willing to maintain the best relations with the state governors and municipal mayors, but it is also ready to exercise and maintain the prerogatives that the Constitution gives it. Those prerogatives are in no way for the benefit of the national government but for the fulfillment of the serious responsibility it has to the country.

I tell my fellow countrymen that I reiterate my faith in my country, that I reiterate my faith in my people, that I reiterate my confidence in them, and that I am always ready to clearly and frankly tell them the truth. We are not going to conceal anything. We are going to listen to all complaints. We have begun a process of dialogue. I received and spoke with the Banco Latino demonstrators who came to the doors of Miraflores. I have begun a dialogue with the university rectors to bring about a solution of the pending problems. We have begun a dialogue with the political parties represented in Congress and I also hope it will be productive. This dialogue shows a willingness to achieve what I mentioned earlier: the commitment to solidarity. The problem belongs to everyone. Everyone has an obligation. We all have to make an effort. We all have to make a sacrifice and I am sure we are going to do so and we can all, in solidarity, give a good account to the Venezuelan people. Good evening.

Depositors of 2 Banks Occupy Dutch Consulate

PA0203230694 Caracas EL NACIONAL in Spanish 2 Mar 94 p E-11

[Report by Jose Marin]

[Text] On 1 March, representatives of the so-called National Front for the Defense of Banco Latino and Banco Hipotecario de Occidente Depositors [Frente Nacional Pro-defensa de los Depositantes del Banco Latino y del Banco Hipotecario de Occidente] occupied the Dutch Consulate in this city [Maracaibo, Zulia State capital].

Elias Mata and Aurelio Mhr said that this measure seeks to expose to international public opinion the financial problems depositors have had to face since the intervention of Banco Latino. In this particular case, they want the Dutch consul to ask the Dutch ambassador to Venezuela and Venezuelan Foreign Minister Miguel Angel Burelli Rivas to suggest to the Dutch and Venezuelan Governments that they establish a commission to investigate the Latino NV Curazao case.

They also urged the Dutch and Venezuelan Governments "to see that the culprits in the Latino NV Curazao case are punished." We are also demanding that the Dutch Government guarantee deposits that are currently frozen in Latino NV, Curazao. This action also demands the expeditious treatment of an emergency law submitted for Congress' consideration, they added. Front members asked the national government to allow "representatives of those affected by the Banco Latino and its branches crisis to participate in the commissions discussing the emergency law."

This afternoon, Dutch Consul George Vinck reportedly gave the protesters a document written in English, which reportedly states his government's position on this situation.

Government, Armed Forces Dismiss Possibility of Coup

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[Text] Caracas, 2 Mar (EFE)—Defense Minister Rafael Angel Montero Revette announced today the Venezuelan Government and Armed Forces have dismissed the possibility of another coup attempt.

"We, the Armed Forces and government, do not fear a coup d'etat," Montero Revette said in reference to the internal situation of the Armed Forces, although he admitted as long as soldiers are imprisoned there will be problems.

Montero said the intention of President Rafael Caldera's government is to resolve "as soon as possible" the problem of the soldiers prosecuted for the 4 February and 27 November 1992 coup attempts.

He said 17 soldiers [oficiales], 21 lieutenant colonels, three majors, nine captains and three lieutenants are still under arrest for the 4 February coup attempt. Added to these are two rear admirals, one colonel, five lieutenant colonels, one frigate captain, four majors, three captains, nine lieutenants, two noncommissioned officers and one civilian who were charged in the 27 November coup attempt.

In addition to these, a group of soldiers led by General Francisco Visconti are in Peru, where they received political asylum for their part in the 27 November coup attempt. Two soldiers are also in exile in Ecuador for the same reason.

Montero said the legal cases of all the soldiers implicated in the coup attempts are being studied to determine how they can be acquitted.

Nevertheless, he said, a return to military service will be very difficult for the detainees who have made political statements or participated in any way in the country's politics.

Montero disclosed, meanwhile, the Defense Ministry had financed a trip to the United States by former Defense Minister Vice Admiral Radames Munoz Leon as a guest of an American university.

According to unofficial reports, Munoz Leon traveled to the United States to seek Pentagon support for a coup d'etat that would hinder Rafael Caldera's victory in the elections.

The defense minister said he could not guarantee that Munoz Leon did not have conspiratorial intentions.